

# TORONTO OFFICE COALITION

Bank of Nova Scotia

Bentall Real Estate  
Services LP

Brookfield Properties  
Corporation

Cadillac Fairview

Colliers International

CREIT Management  
Limited

Crown Realty Partners

GWL Realty Advisors  
Inc.

H & R Developments

KingStreet Capital  
Partners

Manulife Financial

Northam Realty  
Advisors Limited

O & Y Properties Inc.

Oxford Properties  
Group Inc.

Redcliff Realty  
Management Inc.

Sun Life Financial

Standard Life

20 Vic Management

February 16, 2006

Mayor David Miller  
City of Toronto  
2<sup>nd</sup> Floor  
100 Queen Street West  
Toronto ON M5H 2N2

Dear Mayor Miller,

**RE: Submission to the Budget Advisory Committee and the Policy and Finance Committee of Toronto City Council regarding the 2006 City of Toronto Budget  
February 16, 2006**

The Toronto Office Coalition represents the tenants and owners of more than 55 million square feet of office space in the City office buildings where more than 250,000 people are employed. We appreciate the opportunity to provide input to the Budget Advisory Committee and the Policy & Finance Committee on the 2006 budget for the City of Toronto.

Toronto is a great city but our downtown office market is unhealthy:

- Only two buildings of size were built in last 10 years. This is a negligible growth rate in the context of a 50 million square foot base.
- Toronto is competitive internationally but not competitive regionally as many more companies make the decision between Toronto and Mississauga than make the decision between Toronto and New York.
- Toronto has lost 100,000 jobs over the last 10 years while our suburban neighbours have gained 800,000 jobs over the same time period.

This is not a healthy situation.

We believe a major factor in office job erosion is the property tax differential between Toronto and neighbouring communities. Business pays 2 to 4 times more in property taxes in the city than in the suburbs.

This differential is driving companies to re-locate to the suburbs resulting in stagnation of our financial core, the acceleration of urban sprawl, damage to the environment and under utilization of our public transportation infrastructure.

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These trends have been documented by the Board of Trade, the Canadian Urban Institute and the City's own staff, in its report entitled 'Enhancing Toronto's Business Climate'.

We believe that the 2006 budget provides the City with the opportunity to take affirmative action to reverse these trends.

The 2006 budget should provide a freeze on property taxes for commercial properties, rather than the 1% increase that is recommended. The recommended increase is totally contrary to the principals adopted by Council in October 2005 that established a 15 year transition period to shift the excess property tax burden from commercial properties to residential properties. In fact, the Toronto Office Coalition has been on record with the Committee that the 15 year transition period is too long and such an extended period will irreparably damage our urban structure.

The Toronto Office Coalition has recommended that the City target a 4 year transition period to a uniform commercial property tax rate to be applicable to all such properties in the GTA.

Concurrent with the foregoing, the TOC has also recommended that the Province implement a phased reduction of the business education tax for Toronto to the GTA average over a similar timeframe.

Such a dramatic move would pave the way to a balanced growth model across the region and drive regional prosperity, led by a strong commercial city centre in Toronto.

We recognize that the 4 year transition period to a uniform property tax rate for the GTA will result in significant fiscal imbalances, potentially a \$1 billion shortfall in tax revenues in addition to the \$532 million forecast for 2006. We believe the City must take the lead in re-aligning its revenues and expenses and such change cannot be achieved through additional taxation powers, as contemplated by the revised City of Toronto Act. The key to a stable financial platform for the City is a reduced cost base, not incremental taxation.

To assist the City in redefining its cost base, the Toronto Office Coalition have commissioned a study by Dr. Peter Tomlinson to identify alternate means by which the fiscal gap could be bridged.

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Dr. Tomlinson's solution is to upload social assistance costs, including welfare and housing to the senior levels of government. With the upload, Toronto would have the fiscal room to reduce commercial property taxation to a competitive level. This is a win-win solution providing:

- Alignment of financial, environmental and growth management policies
- A sustainable financial platform for the City
- A limited property tax shift to Toronto's residential base
- A competitive City of Toronto, positioned to continue to be the economic engine of Ontario.

I am hereby submitting a copy of Dr. Tomlinson's report entitled '*A LEVEL PLAYING FIELD BY 2009: Achieving Property Tax Parity for Toronto Businesses*' to the Committee. Copies will also be distributed to all members of Council.

We look forward to working with you to build a sound and sustainable fiscal platform for the City of Toronto. With your help we can make the city attractive to business and reverse a decade's old trend of urban sprawl, environmental damage and poor city building.

Thank you.



Phil Gillin  
Chair, Toronto Office Coalition

Cc: Members of Policy & Finance Committee  
Members of Toronto City Council  
Mr. David Soknacki, Chair, Budget Advisory Committee  
Joseph Pennachetti, Deputy City Manager & Chief Financial Officer  
Ms. Merle MacDonald, City Clerk's Office, Toronto City Hall