

Subject: Designate leased spaces as Municipal Capital Facilities

File Number: ACS2025-SI-HSI-0022

Report to Finance and Corporate Services Committee on 3 November 2025

and Council 12 November 2025

**Submitted on October 23, 2025 by Lily Xu, Interim Director, Housing Solutions
and Investment Services**

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Ward: Kanata North (4) Knoxdale-Merivale (9) Kitchissippi (15)

Objet : Désignation de locaux loués en tant qu'immobilisations municipales

Numéro de dossier : ACS2025-SI-HSI-0022

**Rapport présenté au Comité des finances et des services organisationnels le 3
novembre 2025**

et au Conseil le 12 novembre 2025

**Soumis le 23 octobre 2025 par Lily Xu, Directrice par intérim, Solutions de
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Quartier : Kanata Nord (4) Knoxdale-Merivale (9) Kitchissippi (15)

REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommend City Council:

1. Designate three (3) City of Ottawa leased locations, as described in this report, as Municipal Capital Facilities (MCF), for the purpose of various prescribed municipal purposes as permitted under Section 110(6) of the *Municipal Act* and as defined in Ontario Regulation 603/06, 2001 as amended, and
2. Authorize the Interim Director, Housing Solutions and Investments Services (HSIS), in consultation with the City Solicitor, to finalize and execute three (3) Municipal Capital Facility Agreements (MCFA) and place the associated by-laws on the agenda of Council for enactment in support of exempting the respective leased locations from realty taxes.

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande ce qui suit au Conseil municipal :

1. Attribuer à trois (3) locaux loués par la Ville d'Ottawa, comme décrit plus en détail dans le présent rapport, la désignation d'immobilisation municipale aux fins de l'administration générale de la municipalité et à d'autres fins municipales prescrites, en vertu du paragraphe 110(6) de la *Loi sur les municipalités* et au sens du *Règlement de l'Ontario 603/06* de 2001, dans sa dernière version, et;
2. Autoriser la directrice par intérim, Services des solutions de logement et des investissements, à conclure et à signer, en consultation avec l'avocat général, trois (3) accords relatifs aux immobilisations municipales et à inscrire les règlements connexes à l'ordre du jour de la réunion du Conseil aux fins d'adoption dans le but d'exonérer de taxes foncières les locaux loués respectifs, comme il est décrit plus en détail dans le présent rapport.

BACKGROUND

Section 110(6) of the *Municipal Act, 2001* allows municipalities to exempt leased properties from municipal and school taxes when used for municipal purposes. Ontario Regulation 603/06 outlines which types of facilities qualify for designation as Municipal Capital Facilities (MCFs). The exemption remains valid for the duration of the lease,

provided the property continues to serve a prescribed municipal purpose.

For locations described in the discussion of this report, the City of Ottawa currently has or is about to commence lease agreements with private property owners to support the delivery of various municipal services. A tax exemption, by way of MCF designation, to the properties used for prescribed municipal purposes, as further described in this report will result in realty tax savings for the respective City Departments, these savings will be offset by a reduction in the municipal property tax revenue, therefore resulting in overall savings related to the school portion of the tax burden.

DISCUSSION

Housing Solutions and Investments Services entered into three (3) lease agreements with private property owners on behalf of internal City department clients to support the delivery of municipal services. It is recommended that each of these locations receive the appropriate MCF designation during the respective term and any extensions thereof.

The three agreements are as follows:

308 Legget Drive (Ward 4)

Since 2016, the City has leased 3,000 square feet at 308 Legget Drive to store core (soil) samples collected during the construction of the City's light rail transit Confederation Line (Stages 1 and 2), and the Trillium Line expansion for the duration of each project. Under Delegated Authority Report DEL2021-CREO-0073, the City entered into a five-year lease extension agreement with the landlord from July 1, 2021, ending June 30, 2026, and is currently working with the landlord to enter into a five-year lease extension agreement from July 1, 2026, ending June 30, 2031. It is anticipated that the City's requirement for this space will continue beyond the 2026-2031 term, and the municipal capital facility designation is expected to reduce the realty tax burden by an estimated \$ 4,625.00 plus HST per annum, which will ultimately result in annual expense savings to the City's Transit Services Department.

The leased area is eligible for designation pursuant to section 2(1)2 and section 2(1)13 of *Ontario Regulation 603/06* as it is used as a municipal facility for the general administration of the municipality and for parking that is ancillary to the municipal facility. The municipal capital facility agreement and by-law will implement the municipal capital facility designation for the leased area for the term that it is used for such purposes.

21 Concourse Gate (Ward 9)

As approved by the Ottawa Police Services on December 2, 2024, the Ottawa Police Services Board entered into a lease renewal and amending agreement with the property owner. The leased space is for 4,691 square feet of space to accommodate administrative staff. The lease is for five years dated from January 1, 2025, to December 31, 2029. Historically, the Ottawa Police Services Board has leased this premises since 2000. The MCF designation is estimated to reduce the realty tax burden by an estimated \$ 19,268.00 plus HST per annum, resulting in annual expense savings to the Ottawa Police Services Board.

The leased area is eligible for designation pursuant to section 2(1)8 and 2(1)13 of Ontario Regulation 603/06 as it is used as a municipal facility related to policing and for parking that is ancillary to the municipal facility. The municipal capital facility agreement and by-law will implement the municipal capital facility designation for the leased area for the term that it is used for such purposes.

19 Fairmont Avenue (Ward 15)

As approved by the Ottawa Police Services on October 28, 2024, at an in-camera hearing, the Ottawa Police Services Board entered into a lease amending agreement with the property owner. The leased space is for 28,749 square feet of space to accommodate administrative staff and approximately 8,514 square feet of ancillary parking. The current lease term is for five years dated from November 1, 2024, to October 31, 2029. Historically, the Ottawa Police Services Board has leased this premises since 2009. The MCF designation is estimated to reduce the realty tax burden by an estimated \$ 83,814.00 plus HST per annum, resulting in annual expense savings to the Ottawa Police Services Board.

The leased area is eligible for designation pursuant to section 2(1)8 and 2(1)13 of Ontario Regulation 603/06 as it is used as a municipal facility related to policing, it is used as a municipal facility for the general administration of the municipality and for parking that is ancillary to the municipal facility. The municipal capital facility agreement and by-law will implement the municipal capital facility designation for the leased area for the term that it is used for such purposes

FINANCIAL IMPLICATIONS

The savings in connection to the three agreements is approximately \$ 107,708.00 plus HST per annum with a corresponding annual expense decrease to each respective client department's budget. The total estimated cost of the MCF exemption for the three properties is approximately \$ 76,257.00 in municipal property tax revenue and thereby

results in an estimated overall savings of \$ 31,451.00 per annum to the City.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

Councillor Cathy Curry (Ward 4): The Councillor is aware of this report.

Councillor Sean Devine (Ward 9): Councillor Devine is aware of the report and concur with the staff recommendations for 21 Concourse Gate.

Councillor Jeff Leiper (Ward 15): I concur with the report recommendations.

CONSULTATION

In preparation for this report HSIS staff have consulted with internal and external stakeholders including Revenue Services and Legal Services.

ACCESSIBILITY IMPACTS

There are no accessibility implications to implementing the recommendations set out in this report.

CLIMATE IMPLICATIONS

There are no climate or environmental implications associated with the recommendations within this report.

DELEGATION OF AUTHORITY IMPLICATIONS

Housing Solutions and Investment Services is requesting authority, in accordance with the Delegation of Authority By-Law No. 2025-069 and the Delegation of Powers Policy, for the Interim Director, Housing Solutions and Investment Services, in consultation with the City Solicitor, to finalize and execute three (3) Municipal Capital Facility Agreements and place the associated by-laws on the agenda of Council for enactment in support of exempting the respective leased locations from realty taxes as further described in this report.

ECONOMIC IMPLICATIONS

This report supports the City's ongoing commitment to financial sustainability and transparency.

ENVIRONMENTAL IMPLICATIONS

There are no climate or environmental implications associated with the recommendations within this report.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitment to financial sustainability and transparency.

DISPOSITION

HSIS in consultation with the City Clerk and Solicitor, will finalize the Municipal Capital Facility Agreements and associated by-laws. The City Clerk and Solicitor will place the associated by-law on the agenda of Council for enactment. HSIS will work with the Landlords to have the MCFAs signed. Pursuant to Sections 110(5) and 110(6) of the *Municipal Act, 2001*, the City Clerk and Solicitor will give notice of the by-law to the Minister of Education, the Municipal Property Assessment Corporation, and the local school boards. The Finance Department (Revenue Branch) will process the required tax adjustments to be reflected on the tax account.