



SUBJECT: Write-off of property taxes deemed uncollectible

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Finance Department

Report Number: F-44-20

Wards Affected: All

File Numbers: 440-01

Date to Committee: December 10, 2020

Date to Council: December 14, 2020

Recommendation:

Approve the write-off of uncollectible property taxes on the eight properties identified in finance department report F-44-20 in accordance with the provisions of Section 354 of the *Municipal Act, 2001*; and

Direct the Treasurer to remove the property tax amounts from the tax roll; and

Direct the Chief Financial Officer to forward finance department report F-44-20 to the Region of Halton and Ministry of Finance.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
 - Building more citizen engagement, community health and culture
 - Deliver customer centric services with a focus on efficiency and technology transformation
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Background and Discussion:

This report is to obtain approval by Council to write-off the balance of various tax accounts deemed uncollectible. Total write-offs are \$74,988.17, of which the City of Burlington's share is \$45,948.15.

Under Section 354 of the *Municipal Act*, the Treasurer has the authority to recommend to Council that uncollectible taxes be written off after an unsuccessful tax sale; or if the recommendation of the Treasurer includes a written explanation of why conducting a tax sale would be ineffective or inappropriate with the latter being the reason for this report.

The eight properties recommended as uncollectible are generally small pieces of vacant landlocked land, often worthless and left orphaned through a subdivision plan exercise. Due to the nature of the parcels, staff have worked with the Municipal Property Assessment Corporation (MPAC) to assign nominal assessment values to these properties. Abutting property owners might be interested in purchasing these parcels; however, the City is not in a position to offer them for sale as the City is not the legal owner. In order to offer property to abutting land owners the municipality would first have to conduct an unsuccessful tax sale to vest the property in the municipality's name. Staff have researched each property, consulted with legal staff and made all attempts to contact the registered owners.

The Treasurer recommends that Council deem the unpaid property taxes levied in prior years (including interest and penalties which have accrued on those unpaid taxes up to the time of write-off) on the accounts listed below, as uncollectible and direct the Treasurer to remove these amounts from the tax roll.

Strategy/process

Staff have identified eight properties with outstanding taxes that are considered uncollectible and should be written off. Details for each property are provided below.

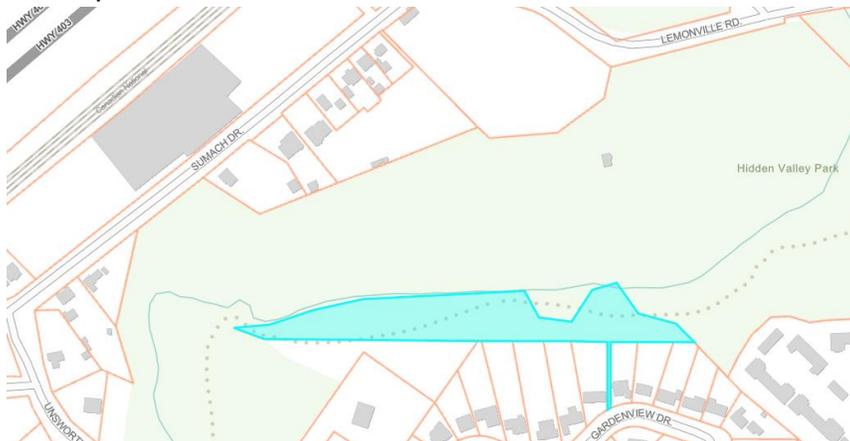
1. Roll: 2402010103035200000
Address: 0 Burlington-Spcls

Strip of land adjacent to a hydro corridor. Property title remains in old land registry system and ownership cannot be determined. Staff contacted Hydro One who owns the property directly to the south, but they have an easement over the land and did not want to assume ownership. In 2017, MPAC reduced the assessment to a nominal value of \$900. The tax arrears are for the years 2015-2019.



2. Roll 2402010106028920000
Address: 0 Gardenview Drive

Parcel of land adjacent to Hidden Valley Park. The registered owner is a dissolved corporation. It is believed this parcel should have been conveyed to the City at the time the subdivision was completed. In 2017, MPAC reduced the assessment to a nominal value of \$900. The tax arrears are for the years 2011-2019. Staff are reviewing the process and costs involved in making application to the province in order to obtain title to this land.



3. Roll 2402020213402980000
Address: 0 Augustus Drive

Small land-locked parcel adjacent to three residential parcels. This small piece remained after the registration of the plan of subdivision. All attempts to reach out to the registered owner have failed. In 2017, MPAC reduced the assessment to a nominal value of \$900. The tax arrears are for the years 2007-2019.



4. Roll: 2402020216066010000
Address: 0 Carol Street

Narrow strip between two rows of residential parcels. The owner registered on title dates back to 1907 with no mailing address. The strip should have been conveyed at the time the subdivision was completed. In 2017, MPAC reduced the assessment to a nominal value of \$900. The tax arrears are for the years 2009-2019.



- 5. Roll: 2402040402568970000
Address: 0 Folkway Drive

A narrow strip of land at the corner of Folkway Drive and Headon Road. All attempts to collect from the owner registered on title have failed. In 2017, MPAC reduced the assessment to a nominal value of \$900. The tax arrears are for the years 2013-2019.



- 6. Roll: 2402050507056010000
Address: 0 Fairview Street

Small land-locked parcel at the rear of a commercial parcel on Fairview Street. The registered owner is a dissolved corporation. In 2017, MPAC reduced the assessment to a nominal value of \$900. The tax arrears are for the years 2014-2019.



- 7. Roll: 2402080808091050000
Address: 0 Marguerite Lane

Laneway that leads to four residential parcels. The owner registered on title dates back to 1962 with no valid mailing address. All collection attempts have failed. In 2017, MPAC reduced the assessment to a nominal value of \$900 as value of the common laneway will be reflected in the adjacent property values. The tax arrears are for the years 2012-2019.



- 8. Roll: 2402090909048300000
Address: 0 South Service Road

Part of a laneway that leads to Mt Vernon Cemetery. The registered owner on title is the Trustees of the Appleby Cemetery Company, but the care and control are with the City of Burlington as per by-law number 2299 passed on March 11, 1963. In 2015, the property was made exempt by MPAC when they were directed by City staff that the cemetery was under the control of the City. The tax arrears are for the years 2009-2015 when the property should have had an exempt assessment.



Options Considered

Properties recommended for write-off could be included in a tax sale process that would add costs and staff time. These properties would likely fail a tax sale. After an unsuccessful tax sale, the City has the option to vest the property or write-off the taxes and re-attempt a tax sale at a later date.

To offer a property to abutting land owners the municipality would first have to conduct an unsuccessful tax sale to vest the property in the municipality’s name. Considering the cost of conducting a tax sale and the low value of the subject properties, it is impractical to proceed with tax sales in these instances.

Financial Matters:

The City portion of tax write-off would be \$45,948.15 charged to Allowance for Prior Years’ Tax Write-offs. The subject properties that remain taxable all fall under the \$10 minimum tax bill threshold and 2020 taxes were written off at final billing.

Total Financial Impact

The City, region and school boards are responsible for their share of the tax write-off as per the chart below. The staff report will be forwarded to each entity and will be included in the write-off portion as part of the City’s year end reconciliation.

Property Address	City (tax and penalty)	Region	School	Total
0 Burlington Spcls	\$455.17	\$212.17	\$128.29	\$795.63
0 Gardenvue	\$17,711.30	\$6,776.68	\$4,126.96	\$28,614.94
0 Augustus	\$2,209.07	\$519.77	\$319.90	\$3,048.74
0 Carol	\$18,040.78	\$5,618.41	\$3,437.90	\$27,097.09
0 Folkway	\$370.85	\$147.44	\$89.50	\$607.79
0 Fairview	\$3,293.09	\$1,292.56	\$786.22	\$5,371.87
0 Marguerite	\$63.42	\$25.31	\$15.27	\$104.00
0 South Service	\$3,804.47	\$3,434.94	\$2,108.70	\$9,348.11
Totals	\$45,948.15	\$18,027.28	\$11,012.74	\$74,988.17

Source of Funding

The City’s portion is funded from the Allowance for Prior Years’ Tax Write-offs account.

Other Resource Impacts

Tax write-offs in 2020 due to successful property assessment appeals and minutes of settlement have been significant. This is the result of both a long-standing backlog of assessment appeals finally being resolved at the Assessment Review Board as well as some large properties having their appeals resolved in 2020. To date, the City's portion of current year tax write-offs total \$799,041 against a budget of \$375,000 and prior year write-offs total \$1,682,260. The balance in the Allowance for Prior Years' Tax Write-offs is currently \$636,597. Given the reduced balance, the 2021 budgeted provision will need to be increased.

Climate Implications

Not applicable

Conclusion:

The write-off of taxes is allowed under the *Municipal Act, 2001*. Staff have diligently reviewed and assessed the reasonableness of each account recommended to write-off. The write-off of property taxes gives the City a more accurate position of the status of the overall tax accounts of the municipality.

Respectfully submitted,

Tracy Beggs

Tax Collector

905-335-7600 ext. 7753

Notifications:

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Ministry of Finance - Katherine.Chu@ontario.ca

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.