



Report to: General Committee

Meeting Date: September 8, 2020

SUBJECT: Cancellation, Reduction, or Refund of Taxes under Sections 357 and 358 of the *Municipal Act, 2001*

PREPARED BY: Shane Manson, Senior Manager, Revenue & Property Tax

RECOMMENDATION:

1. That the Report for the Cancellation, Reduction or Refund of Taxes under Sections 357 and 358 of the *Municipal Act, 2001* be received; and,
2. That taxes totalling approximately \$1,165,931 be adjusted under Section 357 and 358 of the *Municipal Act, 2001* of which the City's portion is estimated to be \$182,589; and,
3. That the associated interest be cancelled in proportion to the tax adjustments; and,
4. That the Treasurer be directed to adjust the Collector's Roll accordingly; and,
5. That staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to authorize the Treasurer to adjust the Collector's Roll under Section 357 and 358 of the *Municipal Act, 2001 (The Act)*.

BACKGROUND:

Sections 357 and 358 of *The Act* allows for the reduction, cancellation or refund of taxes. Section 357 subsection (1) states that: upon application to the Treasurer of a local municipality, the local municipality may cancel, reduce or refund all or part of taxes levied on land in the year in respect of which the application is made if:

- a. if a property or portion of a property is eligible to be reclassified in a different class of property, and that class has a lower tax ratio for the taxation year than the class the property or portion of the property was in before the change, and if no supplementary assessment is made in respect of the change under subsection 34(2) of the *Assessment Act*;
- b. property that has become vacant land or excess land during the year;
- c. property that has become exempt from taxation during the year;
- d. building that during the year was razed by fire, demolition or otherwise, or was damaged by fire, demolition or otherwise so as to render it substantially unusable for the purposes for which it was used immediately prior to the damage;
- d.1. person who was unable to pay taxes because of sickness or extreme poverty;
- e. mobile unit that was removed from the land during the year;

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- f. property overcharged by reason of any gross or manifest error that is a clerical error, the transposition of figures, a typographical error or similar type of error, but not an error in judgment in making the assessment upon which the taxes have been levied; or
 - g. in respect of a property which by reason of repairs or renovations could not be used for its normal use for a period of at least three months during the year.

Pursuant to Section 357 subsection (3), an application must be filed with the Treasurer on or before the last day of February of the year following the year in respect of which the application is made.

Pursuant to Section 358 subsection (3), an application must be filed with the Treasurer between March 1 and December 31 of a year and may apply to taxes levied for one or both of the two years preceding the year in which the application is made and the application shall indicate to which year or years it applies. This section permits applications for tax adjustment, related to taxes levied in each or either of the two years preceding the year in which the application is made, by owners who are overcharged by reason of any gross or manifest error in the preparation of the assessment roll by the Municipal Property Assessment Corporation (MPAC) that was factual in nature. This may include, but is not limited to; clerical errors, the transposition of figure or typographical errors, but not an error in judgment in making the assessment upon which the taxes have been levied.

OPTIONS/ DISCUSSION:

In accordance with *The Act*, the notices of hearing for the properties listed in Appendix B, were mailed to the applicants fourteen days before the date of which the applications are heard. The notices for these properties were mailed to applicants on September 4, 2020.

The schedules attached identify the associated year of taxation, the assessment roll number of each property, the reason for the tax appeal, the resulting tax adjustment along with the proportionate share for the City, Region, and School Board. There are four (4) primary reasons for a property tax appeal application to be filed:

1. Razed by Fire / Demolition / Pool Removal: representing properties that have experience a structural fire, structural demolition or a pool removal. All such applications include a copy of the applicable permit and associated documentation.
2. Became Exempt: representing properties that were assessed on the assessment roll as taxable, but became exempt from taxation during the year;
3. Gross or Manifest Error: representing properties that require the property assessment to be amended due to errors identified in the overall valuation of the property.
4. Change in Tax Class: representing properties that were assessed on the assessment roll as one tax class, but became eligible to be reclassified into a different property during the year.

Applications received by the City are sent to MPAC for review and are returned with either a recommendation for tax adjustment or with no recommendation; which results in no associated tax adjustment. Applications that receive this type of recommendation indicate that the tax appeal does not meet the specified criteria under *The Act*. These applications have been reviewed and it was determined that they are not eligible for relief. There was six (6) applications that were returned with a no recommendation, and therefore have no associated tax adjustment.

Of the 42 properties receiving tax adjustments totalling \$1,165,931, 90.1% or \$1,050,060 is attributable to one property described below.

1. 1936 020 121 17000 (4350 Steeles Avenue)

This commercial property located on the northeast corner of Steeles Avenue East and Kennedy Road and directly adjacent to Pacific Mall was demolished. The demolition of the structures was completed in 2018 and the property owner filed a tax appeal application to have the property taxes amended for the 2018 and 2019 taxation years. The resulting total tax adjustment is \$1,050,060, of which the City's proportionate share is \$143,370.

FINANCIAL CONSIDERATIONS

As illustrated in figure 1 below, Markham's portion of the total tax adjustments is \$182,589. The remaining proportionate amounts noted in figure 1 below will be charged back accordingly to the levying bodies.

| Figure 1: Tax Adjustments by Levying Body | |
|--|--------------------|
| City of Markham | \$182,589 |
| Region of York | \$339,667 |
| Province of Ontario (<i>Education</i>) | \$643,137 |
| Unionville BIA | \$538 |
| Total Tax Adjustment | \$1,165,931 |

The City of Markham annually budgets for property tax adjustments, which come as a result of assessment appeals and from tax appeals filed under Section 357 and 358 of the *Municipal Act, 2001*. The 2020 property tax adjustment budget is \$1,300,000 which will fund the City's portion of the total tax adjustments noted in figure 1 above. The remaining property tax adjustment budget will fund other tax adjustments received throughout 2020.

Staff anticipate the property tax adjustment budget will be in a favourable position at year-end as a result of the current COVID-19 situation and the delays experienced by both the Assessment Review Board (ARB) and the Municipal Property Assessment Corporation (MPAC) during the provincial emergency closure period. Staff will report back with additional details through the year-end results of operations report.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

RECOMMENDED BY:

Joel Lustiq
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix A – Tax Adjustments under Section 357 and 358 of the *Municipal Act, 2001*
Appendix B – Tax Adjustments Detailed List

APPENDIX ATax Adjustments under Section 357 and 358 of the *Municipal Act, 2001*

April 6, 2020 - General Committee Meeting

Report Total

| Appeal Reason | Total Adjusted Amount | City Adjusted | Appeal Count |
|---|------------------------------|----------------------|---------------------|
| Razed by Fire / Demolition / Pool Removal | \$1,121,184 | \$155,481 | 27 |
| Gross or Manifest Error | \$28,215 | \$6,714 | 10 |
| Became Exempt | \$14,463 | \$1,911 | 3 |
| Tax Class Change | \$2,069 | \$678 | 2 |
| Total | \$1,165,931 | \$164,784 | 42 |

APPENDIX B

Tax Adjustments under Section 357 & Section 358 of the *Municipal Act, 2001*
Tax Adjustments Detailed List

| TAX APPEALS: SECTION 357 - RESIDENTIAL | | | | | |
|---|--------------------|--------------------|-------------------------|------------------------|-----------------|
| Tax Year | Application | Roll Number | Property Address | Appeal Reason | Amount |
| 2019 | 4845 | 36-01-0-010-37000 | 46 Woodward Ave | Demolition | \$212 |
| 2020 | 4860 | 36-01-0-023-17400 | 44 Sprucewood Dr. | Gross Manifest Error | \$346 |
| 2020 | 4854 | 36-01-0-030-23800 | 45 John St. | Razed By Fire | \$1,684 |
| 2020 | 4862 | 36-01-0-030-89000 | 32 Colborne St. | Razed By Fire | \$2,777 |
| 2019 | 4817 | 36-01-0-071-45020 | 7 Whitelaw Crt. | Demolition | \$1,981 |
| 2019 | 4806 | 36-02-0-136-97042 | 22 Schooner Crt. | Razed By Fire | \$2,112 |
| 2017 | 4594 | 36-02-0-137-65600 | 28 Blencathra Hill | Gross Manifest Error | \$9,796 |
| 2019 | 4818 | 36-02-0-153-79100 | 2755 Elgin Mills Rd E. | Demolition | \$3,748 |
| 2019 | 4848 | 36-02-0-154-55000 | 2968 Elgin Mills Rd E. | Demolition | \$258 |
| 2019 | 4830 | 36-02-0-160-00765 | 12 Boynton Cir | Demolition | \$6,473 |
| 2018 | 4822 | 36-03-0-211-26250 | 10 Galbraith Cres. | Razed By Fire | \$51 |
| 2019 | 4823 | 36-03-0-211-26250 | 10 Galbraith Cres. | Razed By Fire | \$457 |
| 2019 | 4835 | 36-03-0-225-52904 | 5 Houndsbrook Cres. | Pool Removal / Fill-in | \$156 |
| 2020 | 4838 | 36-03-0-225-52904 | 5 Houndsbrook Cres. | Pool Removal / Fill-in | \$276 |
| 2020 | 4858 | 36-03-0-231-95116 | 121 Bur Oak Ave | Razed By Fire | \$715 |
| 2020 | 4857 | 36-04-0-300-14500 | 26 Hawkrige Ave | Demolition | \$483 |
| 2019 | 4814 | 36-04-0-330-22200 | 30 B Rouge St. | Demolition | \$2,267 |
| 2019 | 4820 | 36-04-0-351-32228 | 17 Sir Pellias Terr. | Razed By Fire | \$84 |
| 2019 | 4808 | 36-04-0-360-82800 | 8 Thomas Kinnear Court | Pool Removal / Fill-in | \$374 |
| Total S.357 Residential | | | | 19 Appeals | \$34,250 |

| TAX APPEALS: SECTION 357 - NON-RESIDENTIAL | | | | | |
|--|-------------|-------------------|---------------------|----------------------|--------------------|
| Tax Year | Application | Roll Number | Property Address | Appeal Reason | Amount |
| 2019 | 4813 | 36-01-0-022-00921 | 7181 Yonge St 115 | Gross Manifest Error | \$715 |
| 2019 | 4850 | 36-02-0-113-03190 | 8330 Woodbine Ave | Demolition | \$42,350 |
| 2018 | 4866 | 36-02-0-121-17000 | 4350 Steeles Ave E. | Demolition | \$263,018 |
| 2019 | 4780 | 36-02-0-121-17000 | 4350 Steeles Ave E. | Demolition | \$787,042 |
| 2019 | 4846 | 36-02-0-123-14616 | 151 Bentley St 3 | Became Exempt | \$4,059 |
| 2019 | 4847 | 36-02-0-123-14617 | 151 Bentley St 4 | Became Exempt | \$4,059 |
| 2019 | 4804 | 36-02-0-180-71200 | 206 Main St | Demolition | \$2,724 |
| 2019 | 4799 | 36-03-0-258-05820 | 2758 Bur Oak Ave | Gross Manifest Error | \$849 |
| 2019 | 4816 | 36-04-0-340-79100 | 6080 Hwy 7 | Razed By Fire | \$707 |
| 2019 | 4810 | 36-04-0-340-97500 | 3 Wootten Way North | Became Exempt | \$6,345 |
| Total S.357 Non-Residential | | | | 10 Appeals | \$1,111,868 |

| TAX APPEALS: SECTION 358 - RESIDENTIAL | | | | | |
|--|-------------|-------------------|------------------------|------------------------|-----------------|
| Tax Year | Application | Roll Number | Property Address | Appeal Reason | Total |
| 2017 | 4826 | 36-02-0-111-97107 | 7825 Bayview Ave 1507 | Gross Manifest Error | \$77 |
| 2018 | 4827 | 36-02-0-111-97107 | 7825 Bayview Ave 1507 | Gross Manifest Error | \$146 |
| 2017 | 4832 | 36-02-0-140-02367 | 18 Uptown Dr. Ph19 | Gross Manifest Error | \$14,914 |
| 2018 | 4852 | 36-02-0-141-04716 | 61 Liebeck Cres. | Gross Manifest Error | \$114 |
| 2019 | 4853 | 36-02-0-141-04716 | 61 Liebeck Cres. | Pool Removal / Fill-in | \$163 |
| 2019 | 4833 | 36-03-0-239-01584 | 26 Cobbler Cres. | Pool Removal / Fill-in | \$262 |
| 2020 | 4834 | 36-03-0-239-01584 | 26 Cobbler Cres. | Pool Removal / Fill-in | \$270 |
| 2018 | 4824 | 36-04-0-272-09200 | 54 Raymerville Dr. | Pool Removal / Fill-in | \$265 |
| 2019 | 4825 | 36-04-0-272-09200 | 54 Raymerville Dr. | Pool Removal / Fill-in | \$275 |
| 2018 | 4836 | 36-04-0-272-13045 | 50 Snider Dr. | Tax Class Change | \$1,017 |
| 2019 | 4837 | 36-04-0-272-13045 | 50 Snider Dr. | Tax Class Change | \$1,052 |
| 2018 | 4842 | 36-04-0-360-82800 | 8 Thomas Kinnear Court | Gross Manifest Error | \$363 |
| Total S.358 -Residential | | | | 12 Appeals | \$18,918 |

| TAX APPEALS: SECTION 358 – NON - RESIDENTIAL | | | | | |
|--|-------------|-------------------|-------------------|----------------------|--------------|
| Tax Year | Application | Roll Number | Property Address | Appeal Reason | Total |
| 2018 | 4812 | 36-01-0-022-00921 | 7181 Yonge St 115 | Gross Manifest Error | \$895 |
| Total S.358 - Non- Residential | | | | 1 Appeal | \$895 |

| | | | | | |
|---|--|--|--|-------------------|--------------------|
| GRAND TOTAL (SECTION 357 AND 358) | | | | 42 Appeals | \$1,165,931 |
|---|--|--|--|-------------------|--------------------|