



Report to: General Committee

Meeting Date: November 6, 2017

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**SUBJECT:** Tax Write-offs in Accordance with Section 354 of the Municipal Act, 2001

**PREPARED BY:** Shane Manson, Senior Manager, Revenue & Property Tax, Ext. 7514

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**RECOMMENDATIONS:**

1. THAT taxes totalling \$157,110 as set out in this report, of which the estimated City's portion is \$39,999 be written off pursuant to the provisions of Section 354 of the *Municipal Act, 2001*; and,
2. THAT the Treasurer be authorized to remove the taxes from the Collector's Roll; and,
3. THAT the Markham portion of the taxes be charged to Tax Write-off Account 820-820-7040; and,
4. THAT the Treasurer be authorized to write-off all outstanding taxes annually for the property located at:
  - i. 7001 Reesor Rd;
  - ii. 0 Major Mackenzie Dr E;
  - iii. 11091 Warden Ave, and;
5. THAT the associated interest be cancelled in proportion to the tax adjustments; and,
6. THAT staff be authorized to and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

Provisions under Section 354 of the Municipal Act, 2001 (*The Act*) allow for the write-off of taxes deemed uncollectible. The purpose of this report is to obtain approval by Council to adjust and/or write-off the balance of various tax accounts as set out in the attached schedule. Total adjustments are \$157,110 in taxation, of which the City of Markham's share is \$39,999.

**BACKGROUND:**

Under Section 354 of *The Act*, the Treasurer has the authority to recommend to Council that uncollectible taxes be written off and are no longer payable as the result of a provision for tax relief under a provincial statute or, a decision of any court. Amounts levied on property that is under the ownership of the Crown may also be written off.

The attached list of properties (Appendix A), is a “Summary of Uncollectible Taxes”. This list pertains to properties owned by the City of Markham and by the Crown.

**OPTIONS/ DISCUSSION:**

Staff has determined that property taxes billed on thirty-one (31) properties (Appendix A) are uncollectible and should be written off. The amount of taxes recommended to be written off total \$157,110, of this total, the City’s share is \$39,999. The balance of \$117,111 will be charged back to the Region of York and the Province proportionately.

The following provides a summary and breakdown of the types of properties included in the consolidated 31 property listing, which includes the associated breakdown in property count and tax amounts. In addition, an illustrative map of each property is included in Appendix B.

PROPERTIES FOR TAX WRITE-OFF BY DESCRIPTION			
Group	Property Description	Property Count	Tax Amount for Write-Off
1	Lease on City Owned Properties	3	\$29,884
2	Payment in Lieu – Ministry of Environment	1	\$2,830
3	Payment in Lieu – Public Works Canada	27	\$124,396
	<b>Totals</b>	<b>31</b>	<b>\$157,110</b>

**1. Lease on City Owned Properties****a) 7001 Reesor Rd**

Ward 7

Property Owner: City of Markham

Reason for Write-off: Lease provisions state the owner is responsible for property taxes

Outstanding Balance (*As of October 1<sup>st</sup>*): \$12,013

City Share - \$3,033

- 7001 Reesor Rd, also known as Cedar Grove Park is owned by the City of Markham. This property consists of two other abutting land parcels that were consolidated in 1999 and 2008. The land parcels that were consolidated with 7001 Reesor include 7107 and 7181 Reesor Rd.

- 7107 Reesor Rd was acquired by the City and consolidated with 7001 Reesor Rd in 1999. The parcel of land includes a residential portion that was leased to a tenant. The City renewed the lease agreement with the tenant on February 1, 2000 for a term of one year, which expired on January 31, 2001. The lease agreement included an over hold provision, which allows the tenant to continue their tenancy on a monthly basis beyond the expiry of the lease agreement, as long as timely payment of rent is made. As a result, the City has no authority to increase rent beyond the allowable annual rent increase as directed by the *Landlord and Tenant Board*. To date, the tenant continues to occupy the residence on a month-to-month capacity.
- This property was acquired by the City in 2005 from the Archdiocese of Toronto and consolidated with 7001 Reesor Rd in 2008. The land included a residential portion leased to a tenant. The lease agreement with the tenant expired prior to the City's acquisition in 2005. The lease agreement included an over hold provision, which allows the tenant to continue their tenancy on a monthly basis beyond the expiry of the lease agreement, as long as timely payment of rent is made. As a result, the City has no authority to increase rent beyond the allowable annual rent increase as directed by the *Landlord and Tenant Board*. To date, the tenant continues to occupy the residence on a month-to-month capacity.

The original lease agreements for both 7107 and 7181 Reesor Rd indicate the "landlord" (City of Markham) is responsible for the property taxes.

*Staff Recommendation:*

It is recommended that the prior outstanding taxes in the amount of \$12,013 be written-off, and further that the Treasurer be authorized to annually write-off the outstanding taxes.

**b) 0 Major Mackenzie Dr E**

Ward 5

Property Owner: City of Markham

Reason for Write-off: Lease provisions state the owner is responsible for property taxes

Outstanding Balance (*As of October 1<sup>st</sup>*): \$1,430

City Share - \$361

In 2004, the Province of Ontario transferred this property to the City of Markham. The land parcel included 27.99 acres of tillable land that was rented to a farm tenant. The lease agreement was made with the previous owner (Province of Ontario), which expired prior to the City's acquisition of the land. However, the over hold provision of the lease agreement allows the tenant to continue their tenancy on a monthly basis as long as timely payment of rent is made.

To date, the tenant continues to farm the tillable portion of the land on a month-to-month basis. The original lease agreement indicates the "landlord" (City of Markham) is responsible to pay the property taxes.

*Staff Recommendation:*

It is recommended that the prior outstanding taxes in the amount of \$1,430 be written-off, and further that the Treasurer be authorized to annually write-off the outstanding taxes.

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**c) 11091 Warden Ave**

Ward 6

Property Owner: City of Markham

Reason for Write-off: Lease provisions state the owner is responsible for property taxes

Outstanding Balance (As of October 1<sup>st</sup>): \$16,441

City Share: \$4,151

This City owned property is approximately 100 acres which consists of;

- i. 0.14 acres attributed to a residential home and cottage,
- ii. 65 acres of tillable farmland; and
- iii. 35 acres of vacant land.

The residential home, cottage and farm portions of the property are currently leased, while the vacant land is exempt from taxation.

**Farm**

- o The City entered into a lease agreement with a Commercial Farm tenant on July 31, 2012 for a term of one year. The lease agreement was renewed in 2015 and has subsequently expired. The lease includes a property tax provision payable to the City in the amount of up to \$2,950 annually. The farm tenant annual pays the property taxes associated with farm CVA as determined by the Municipal Property Assessment Corporation (MPAC).

**Home and Cottage**

- o The City entered into a lease agreements on December 14, 2012 for the residential home portion of the property and on June 17, 2014 for the cottage portion of the property. Both leases require the “landlord” (City of Markham) to pay the property taxes annually.

***Staff Recommendation:***

It is recommended that the outstanding taxes associated with the House and Cottage portion of the property, in the amount of \$16,441 be written-off, and further that the Treasurer be authorized to annually write-off the property taxes associated with these portions of the property.

**Properties Subject to Payment in lieu (PIL) of Taxes**

The following two (2) groupings represent write-off amounts resulting from properties that are owned by the Ministry of the Environment and Public Works Canada, which fall under the ownership of the Crown and are therefore classified as exempt from taxation, but eligible for payment in lieu of taxes. These properties are eligible to make payment to the municipality in lieu of taxes levied, however the amount that has been paid is at the will of the Crown and does not address the full amount invoiced by the City. The City of Markham does not have the authority to require the Crown to make full payment on the amounts invoiced.

**2. Payment In Lieu – Ministry Of Environment****a) 0 End of Victoria**

Ward 3

Property Owner: Ministry of Environment and Climate Change

Reason for Write-off: Payment in lieu of Taxes (Crown Land)

Outstanding Balance: (As of October 1<sup>st</sup>): \$2,830

City Share: \$1,049

This property is a small landlocked parcel of land, which is located on the west side of Kennedy Ave. north of Highway 7. It is situated between two parcels of land owned by the City of Markham. This property is eligible for payment in lieu of taxes, however, the amount to be paid is at the will of the Ministry and they have opted to not pay any of the amounts invoiced by the City of Markham.

*Staff Recommendation:*

The City does not have the authority to require the Crown to make payment on the amounts invoiced. It is therefore recommended that the taxes totaling \$2,830 be written off.

### **3. Payment in Lieu – Public Works Canada**

a) Address: See Appendix A for property addresses (Properties 5 to 31)

Ward 5

Property Owner: Public Works Canada

Reason for Write-off: Payment in lieu of Taxes (Crown Property)

Outstanding Balance (As of October 1<sup>st</sup>): \$124,396

City Share: \$31,405

These twenty-seven properties are owned by Public Works Canada, whose payment in lieu of taxes is made based on the Crown's interpretation of both the assessment value (CVA) and tax classification. The amounts paid annually on these properties do not represent the full amount invoiced by the City. This is due to the Crown interpreting the majority of these properties as being in the farm class rather than the residential class (MPAC's classification). As such, the Crown calculates payment in lieu based on the farm class tax rate which is 25% of the residential class.

*Staff Recommendation:*

The City does not have the authority to require the Crown to make payment on the amounts invoiced. It is therefore recommended that the remaining taxes totaling \$124,396 be written off.

## **FINANCIAL CONSIDERATIONS:**

The figures below illustrate the categories and levying bodies that comprise the write-off amounts:

Figure 1 – Write-Off by Levying Body

<b>Levying Body Share</b>	<b>Tax Amount</b>
City	\$39,999
Region	\$80,063
Province	\$37,048
<b>Total Tax</b>	<b>\$157,110</b>

Figure 2 – Write-Off by Category

<b>Category</b>	<b>Tax Amount</b>
City Owned Properties	\$29,884
Crown Owned PIL Properties	\$127,226
<b>Total Tax</b>	<b>\$157,110</b>

The amounts of taxes that require removal from the Tax Collector's roll total \$157,110. Of this total, the City's share is \$39,999. The Region of York and Province's share of \$117,110 will be recovered from them accordingly. The 2017 property tax adjustment budget is \$30,000 and will be impacted by \$39,999 resulting from the Section 354 tax write-off in this report.

The City of Markham portion of the taxes will be charged to Tax Write-off Account 820-820-7040.

**HUMAN RESOURCES CONSIDERATIONS:**

Not applicable.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

*None.*

**RECOMMENDED BY:**

2017-10-31

X 

Joel Lustig  
Treasurer  
Signed by: cxa

2017-10-31

X 

Trinela Cane  
Commissioner, Corporate Services  
Signed by: cxa

**ATTACHMENTS:**

Appendix A: Summary of Tax Write-offs  
Appendix B: Map of Individual Properties

**Appendix A: Summary of Tax Write-offs**

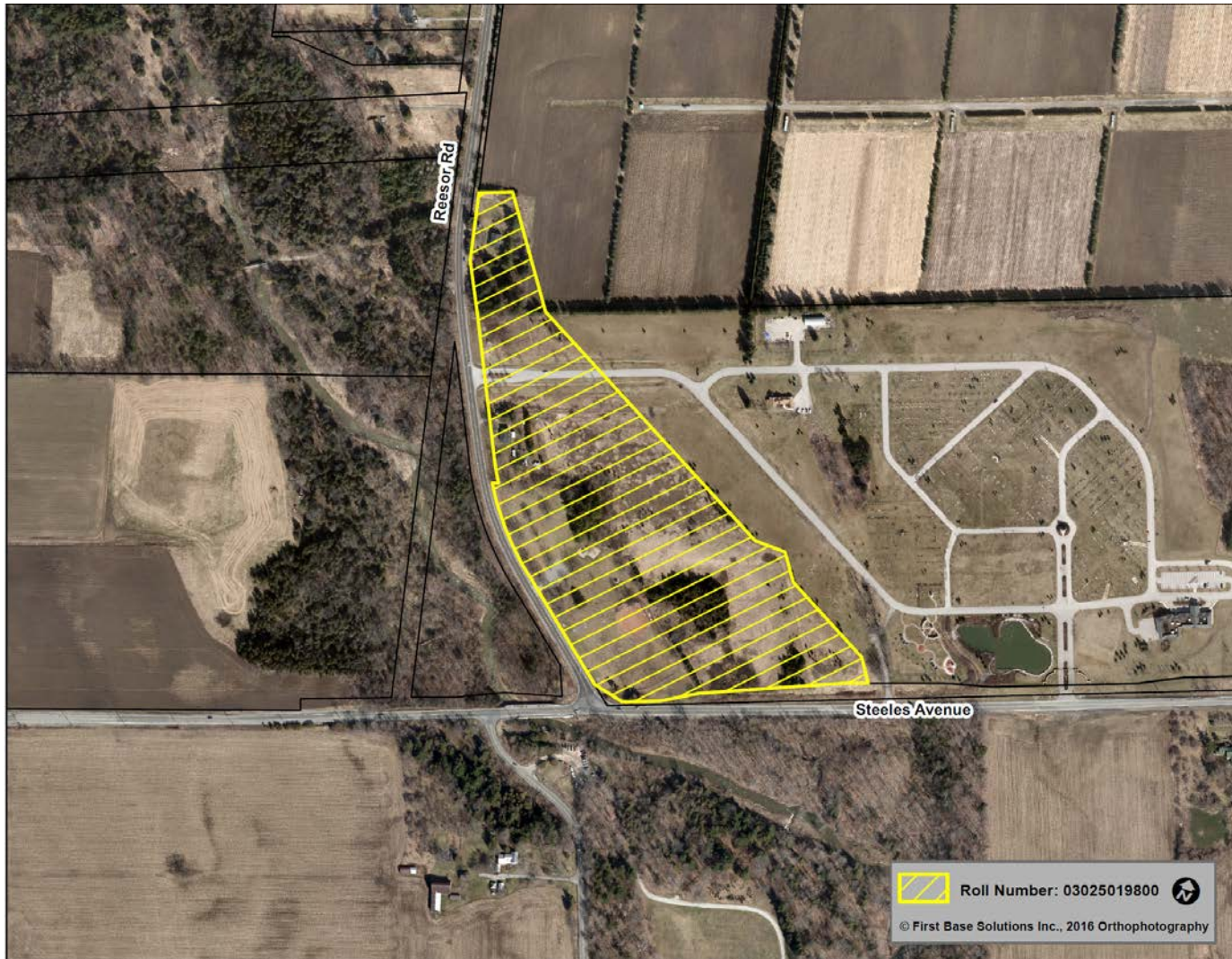
Property	Ward	Roll Number	Property Location	Owner	No. Of Years Outstanding	Total Taxes	Reason
1	7	1936-03-0-250-19800-0000	7001 Reesor Rd	City of Markham	6	\$12,013	Leased - City Owned Properties
2	5	1936-03-0-235-08410-0000	0 Major Mackenzie Dr E	City of Markham	3	\$1,430	Leased - City Owned Properties
3	6	1936-02-0-160-71000-0000	11091 Warden Ave	City of Markham	3	\$16,441	Leased - City Owned Properties
4	3	1936-03-0-223-98700-0000	0 End of Victoria	Ministry of Environment	2	\$2,830	Payment in Lieu - Crown Owned
5	5	1936-03-0-242-53000-0000	0 Ninth Line W/S	Public Works Canada	1	\$1,544	Payment in Lieu - Crown Owned
6	5	1936-03-0-242-54100-0000	0 Ninth Line W/S	Public Works Canada	1	\$4,315	Payment in Lieu - Crown Owned
7	5	1936-03-0-242-70000-0000	11306 Ninth Line	Public Works Canada	1	\$1,221	Payment in Lieu - Crown Owned
8	5	1936-03-0-243-10000-0000	6445 19th Ave	Public Works Canada	1	\$4,949	Payment in Lieu - Crown Owned
9	5	1936-03-0-261-81400-0000	9992 York-Durham Line	Public Works Canada	1	\$3,446	Payment in Lieu - Crown Owned
10	5	1936-03-0-261-85500-0000	7255 Major Mackenzie	Public Works Canada	1	\$15,998	Payment in Lieu - Crown Owned
11	5	1936-03-0-262-24800-0000	0 Major Mackenzie N/S	Public Works Canada	1	\$2,419	Payment in Lieu - Crown Owned
12	5	1936-03-0-262-35400-0000	7630 Major Mackenzie	Public Works Canada	1	\$7,127	Payment in Lieu - Crown Owned
13	5	1936-03-0-262-67700-0000	10389 Ninth Line	Public Works Canada	1	\$9,082	Payment in Lieu - Crown Owned
14	5	1936-03-0-262-78000-0000	10531 Ninth Line	Public Works Canada	1	\$8,209	Payment in Lieu - Crown Owned
15	5	1936-03-0-263-34500-0000	0 Reesor Rd W/S	Public Works Canada	1	\$1,955	Payment in Lieu - Crown Owned
16	5	1936-03-0-264-81700-0000	7356 - 7368 Elgin Mills Rd E	Public Works Canada	1	\$5,853	Payment in Lieu - Crown Owned
17	5	1936-03-0-265-08400-0000	10903 Ninth Line	Public Works Canada	1	\$2,260	Payment in Lieu - Crown Owned
18	5	1936-03-0-265-21100-0000	11129 Ninth Line	Public Works Canada	1	\$7,709	Payment in Lieu - Crown Owned
19	5	1936-03-0-266-08400-0000	11201 Reesor Rd	Public Works Canada	1	\$7,374	Payment in Lieu - Crown Owned
20	5	1936-03-0-266-17700-0000	11223 Reesor Rd	Public Works Canada	1	\$2,145	Payment in Lieu - Crown Owned
21	5	1936-03-0-266-20700-0000	11315 Reesor Rd	Public Works Canada	1	\$2,483	Payment in Lieu - Crown Owned
22	5	1936-03-0-266-34400-0000	11290 - 11350 York-Durham Line	Public Works Canada	1	\$2,924	Payment in Lieu - Crown Owned
23	5	1936-03-0-266-35000-0000	0 York-Durham Line	Public Works Canada	1	\$303	Payment in Lieu - Crown Owned
24	5	1936-03-0-266-38400-0000	11410 York-Durham Line	Public Works Canada	1	\$3,267	Payment in Lieu - Crown Owned
25	5	1936-03-0-266-54500-0000	0 19th Ave	Public Works Canada	1	\$2,924	Payment in Lieu - Crown Owned
26	5	1936-03-0-266-58000-0000	0 19th Ave	Public Works Canada	1	\$3,881	Payment in Lieu - Crown Owned
27	5	1936-03-0-266-64500-0000	0 19th Ave	Public Works Canada	1	\$2,202	Payment in Lieu - Crown Owned

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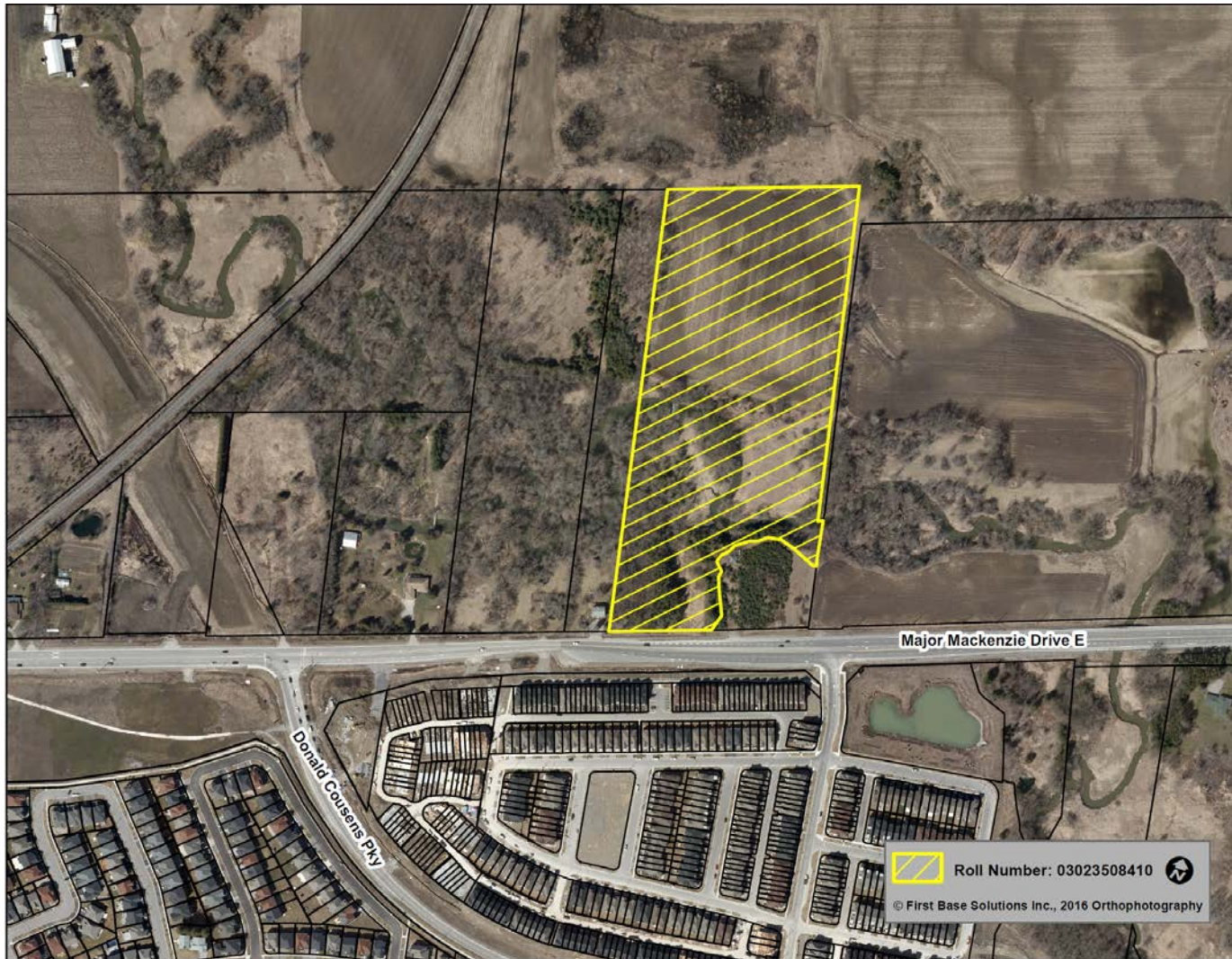
## Appendix B – Map Of Individual Properties

Property 1) 7001 Reesor Rd - 1936-03-0-250-19800-0000



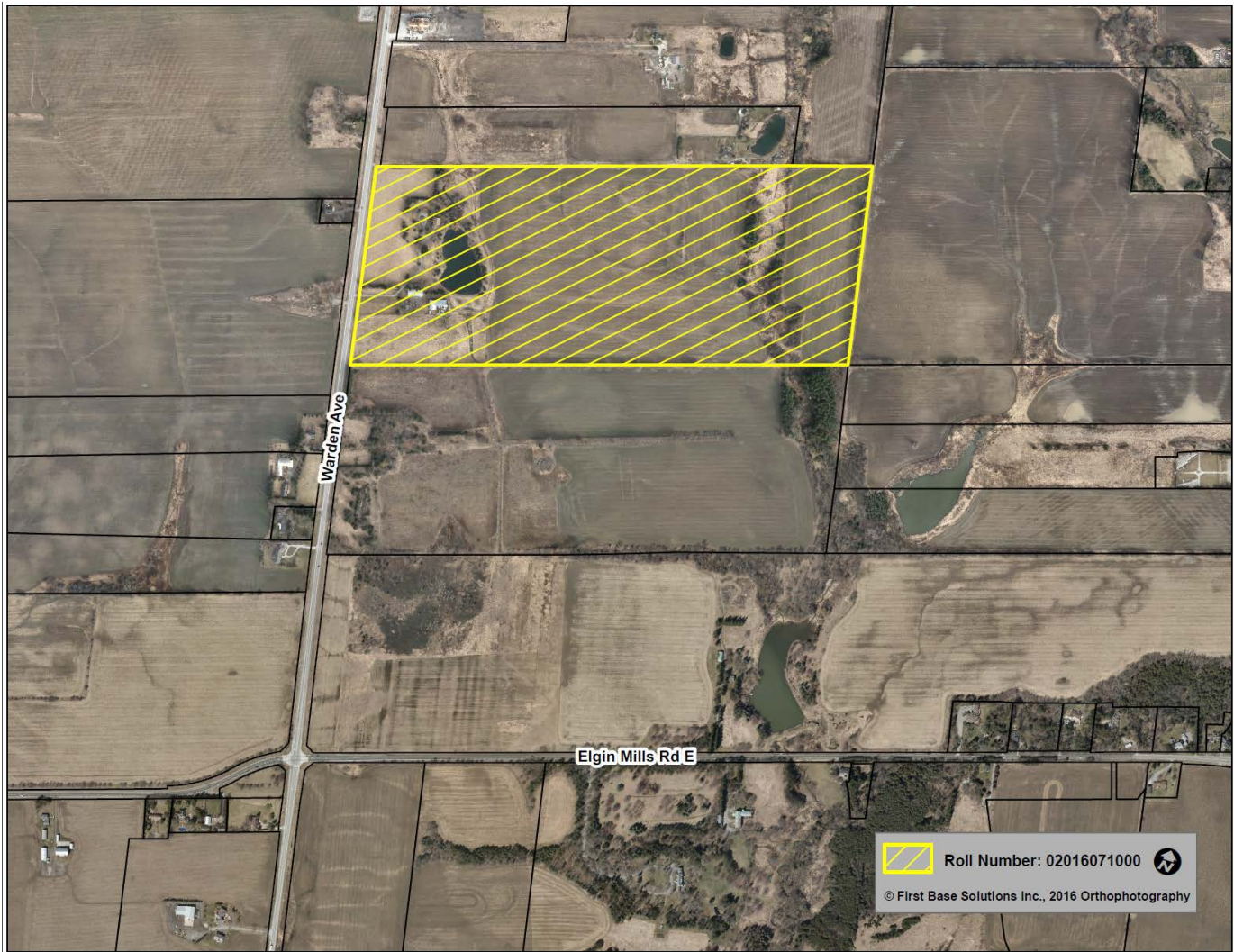


Property 2) 0 Major Mackenzie Dr E - 1936-03-0-235-08410-0000



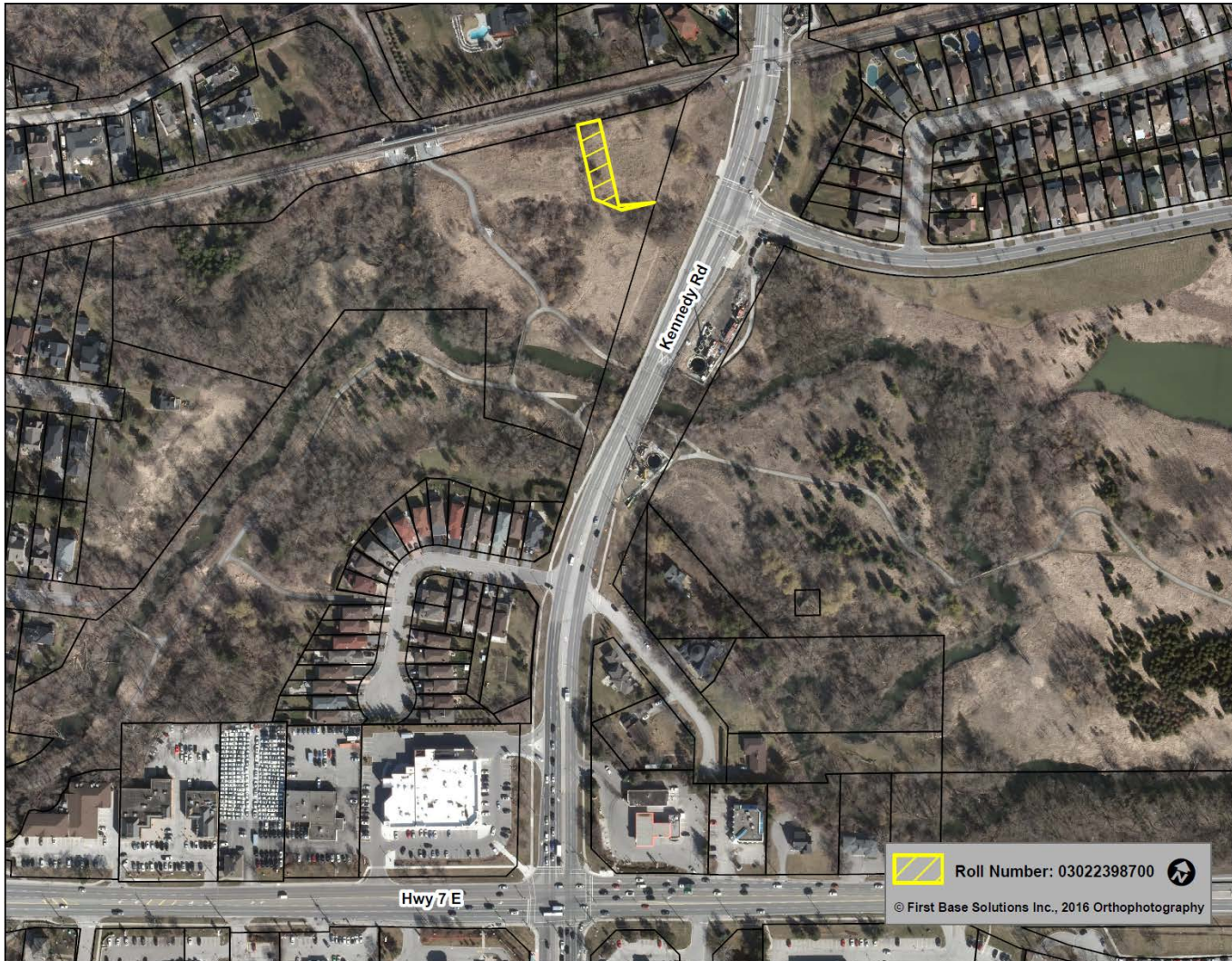


Property 3) 11091 Warden Ave - 1936-02-0-160-71000-0000



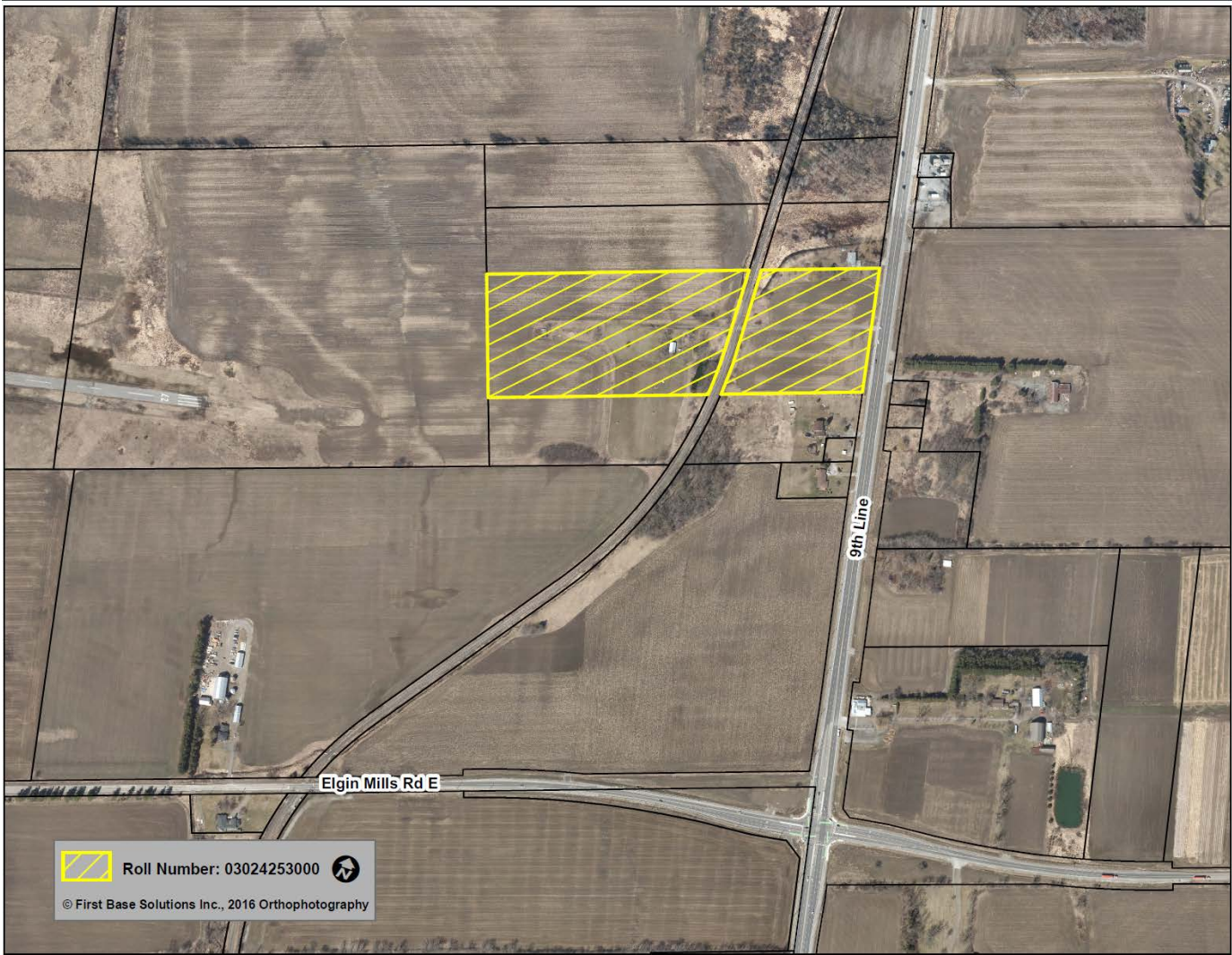


Property 4) 0 End of Victoria - 1936-03-0-223-98700-0000

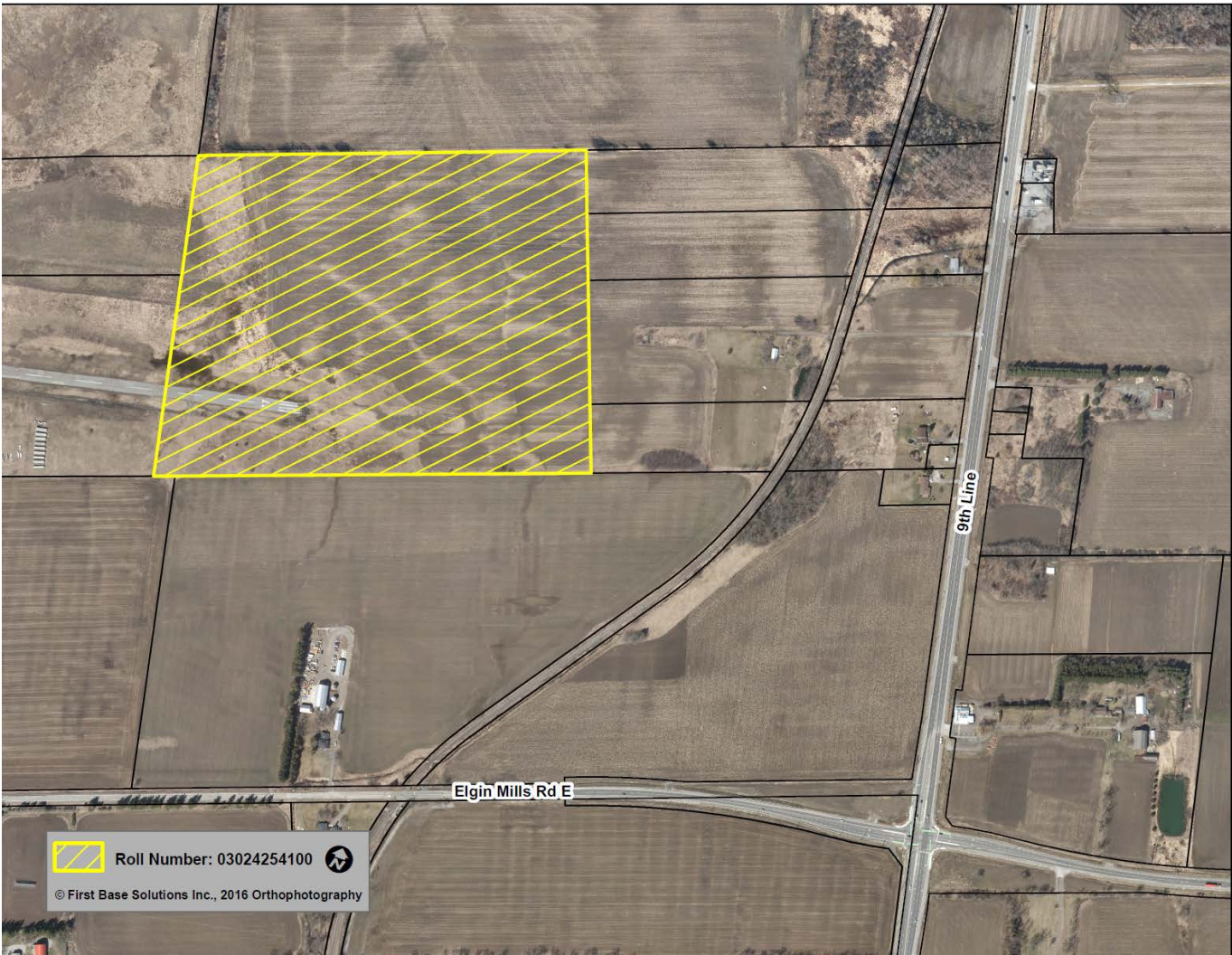




Property 5) 0 Ninth Line W/S - 1936-03-0-242-53000-0000

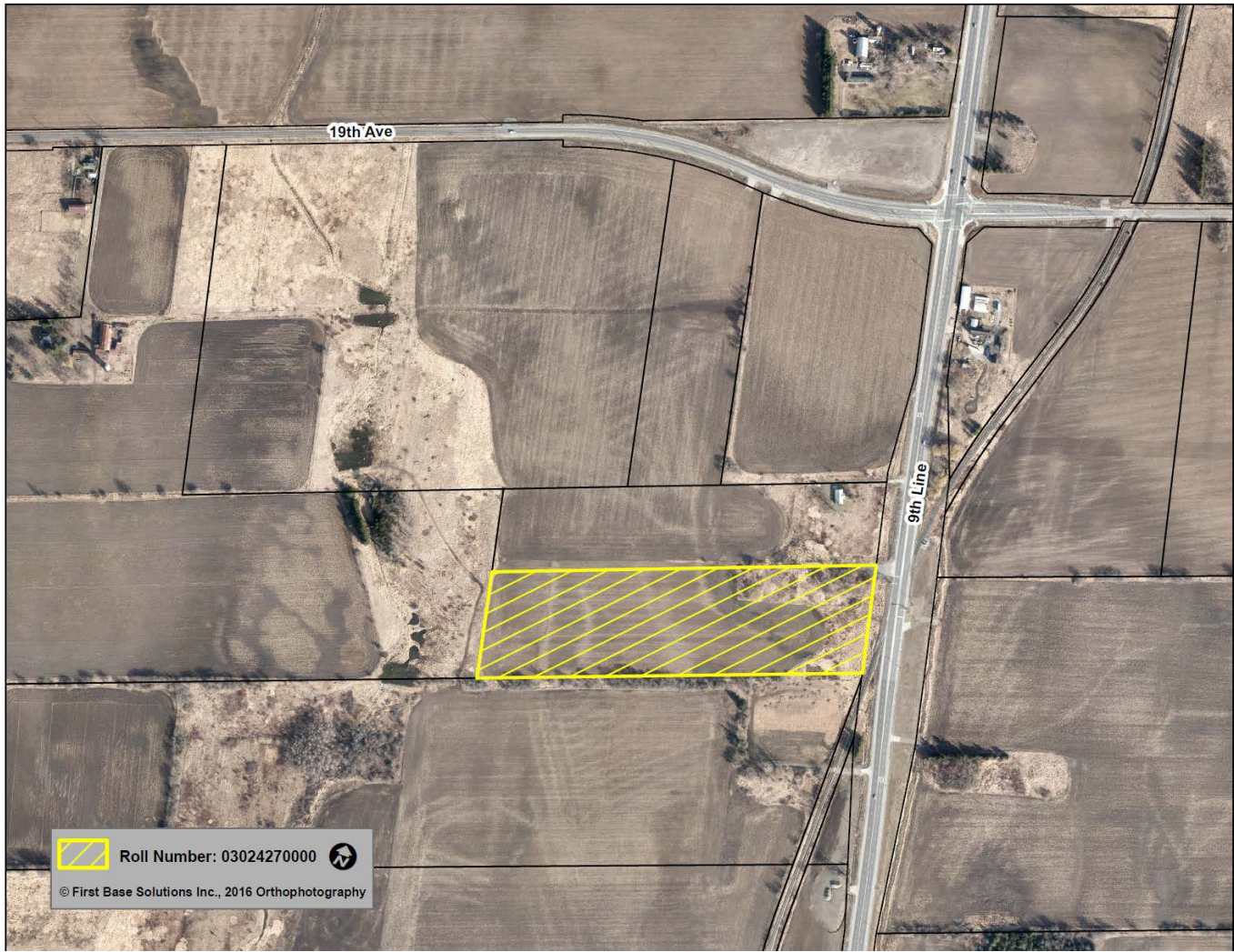


Property 6) 0 Ninth Line W/S - 1936-03-0-242-54100-0000



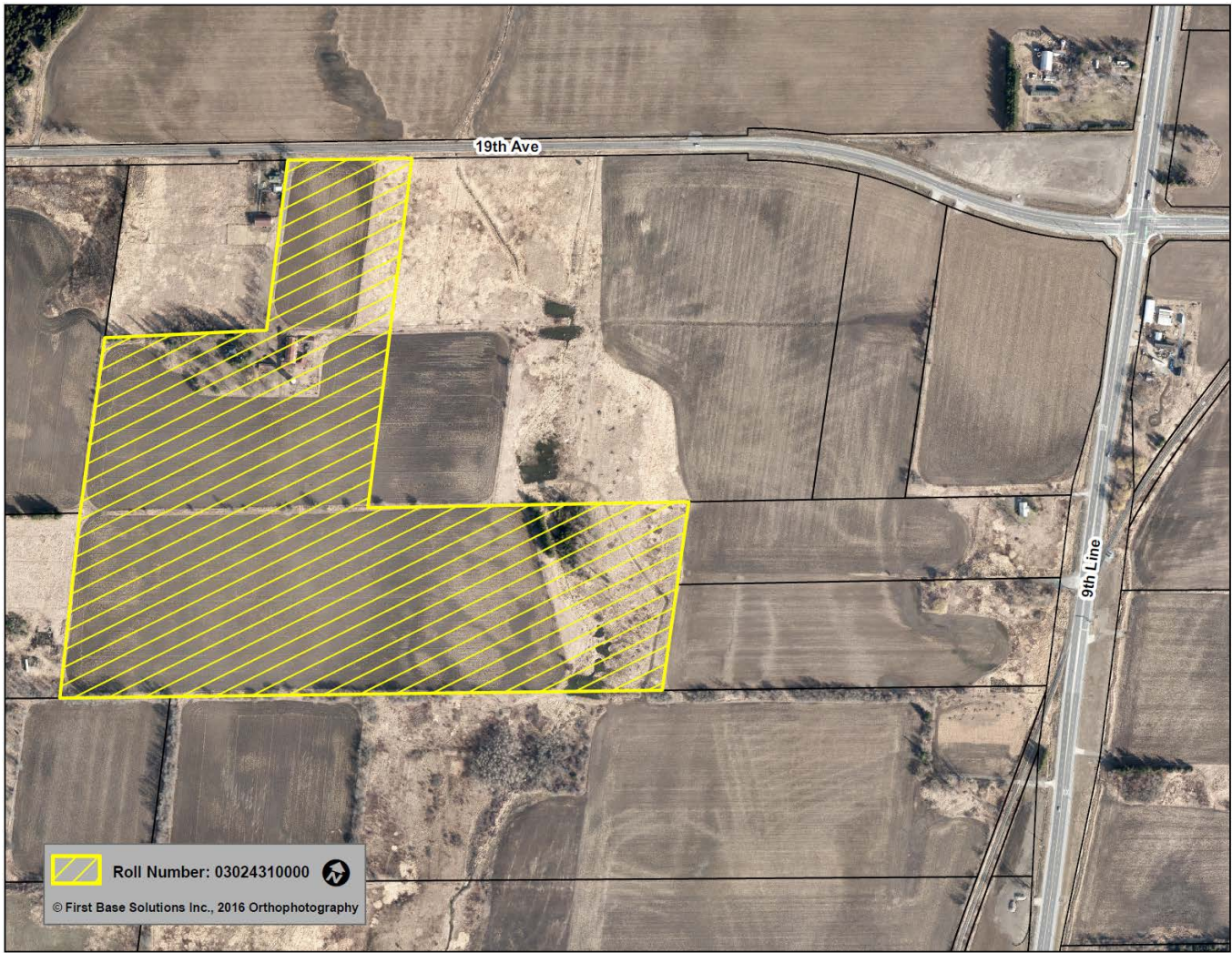


Property 7) 11306 Ninth Line - 1936-03-0-242-70000-0000





Property 8) 6445 19th Ave - 1936-03-0-243-10000-0000

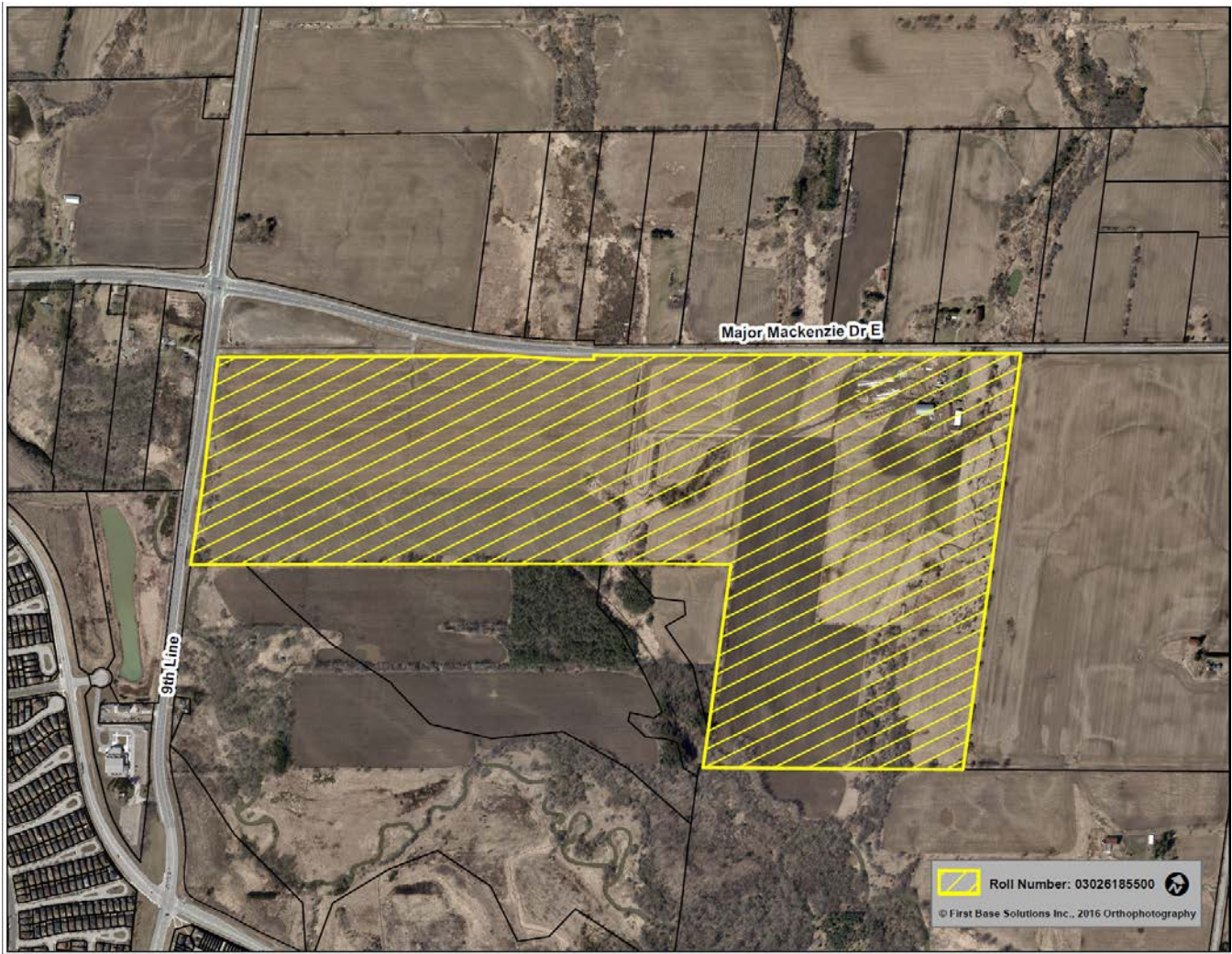




Property 9) 9992 York-Durham Line - 1936-03-0-261-81400-0000



Property 10) 7255 Major Mackenzie - 1936-03-0-261-85500-0000

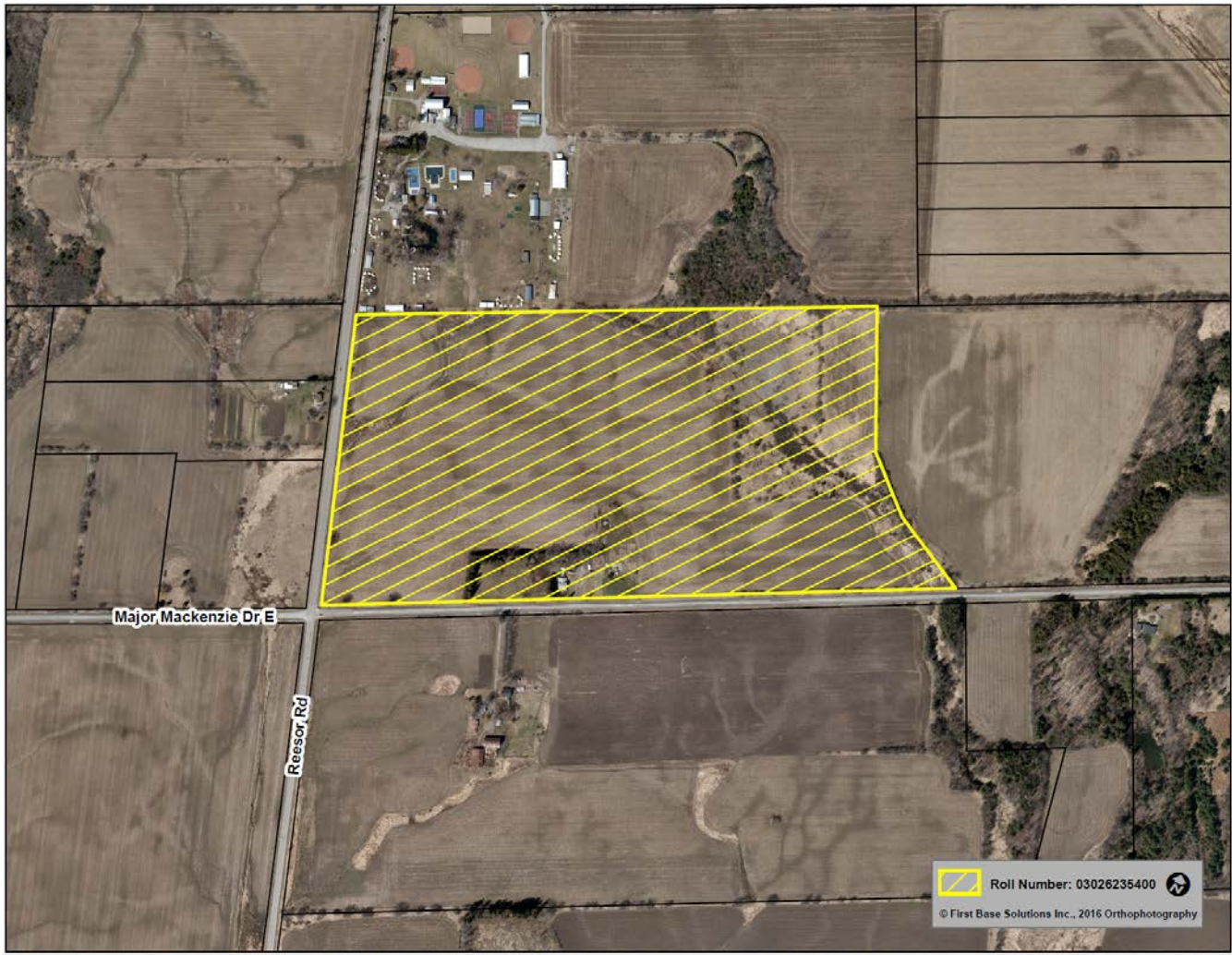




Property 11) 0 Major Mackenzie N/S - 1936-03-0-262-24800-0000

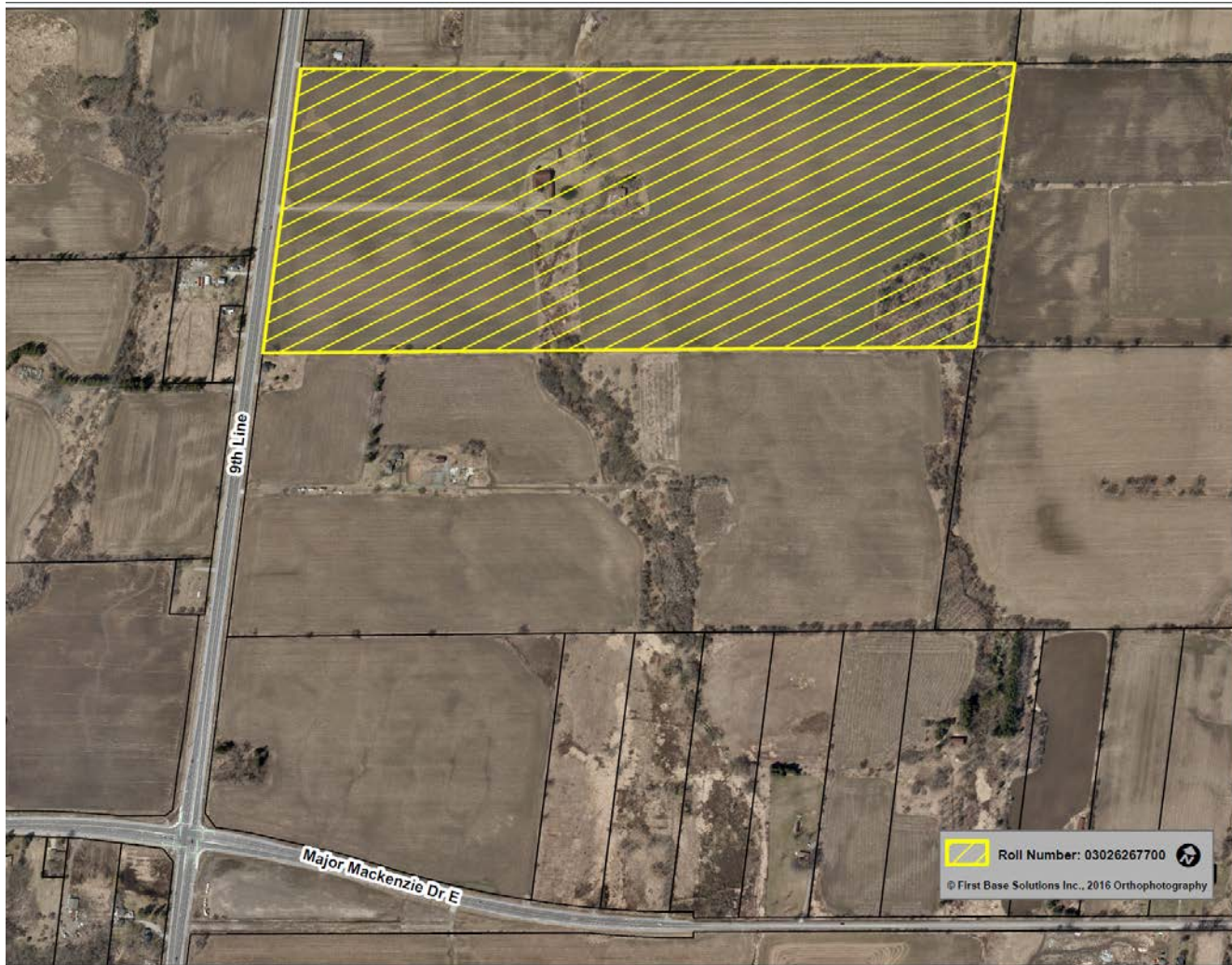


Property 12) 7630 Major Mackenzie - 1936-03-0-262-35400-0000





Property 13) 10389 Ninth Line - 1936-03-0-262-67700-0000



Property 14) 10531 Ninth Line - 1936-03-0-262-78000-0000

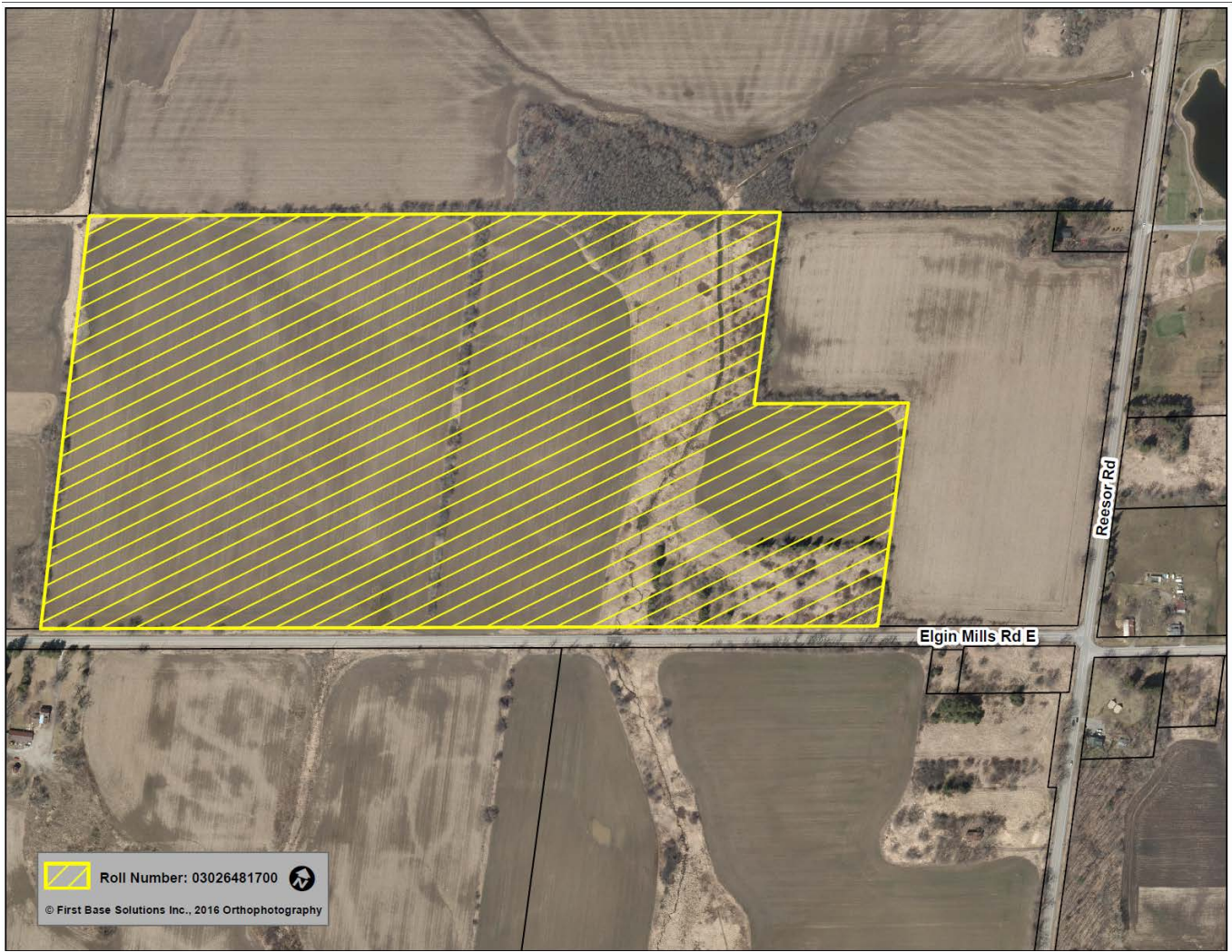




Property 15) 0 Reesor Rd W/S - 1936-03-0-263-34500-0000



Property 16) 7356 - 7368 Elgin Mills Rd E - 1936-03-0-264-81700-0000

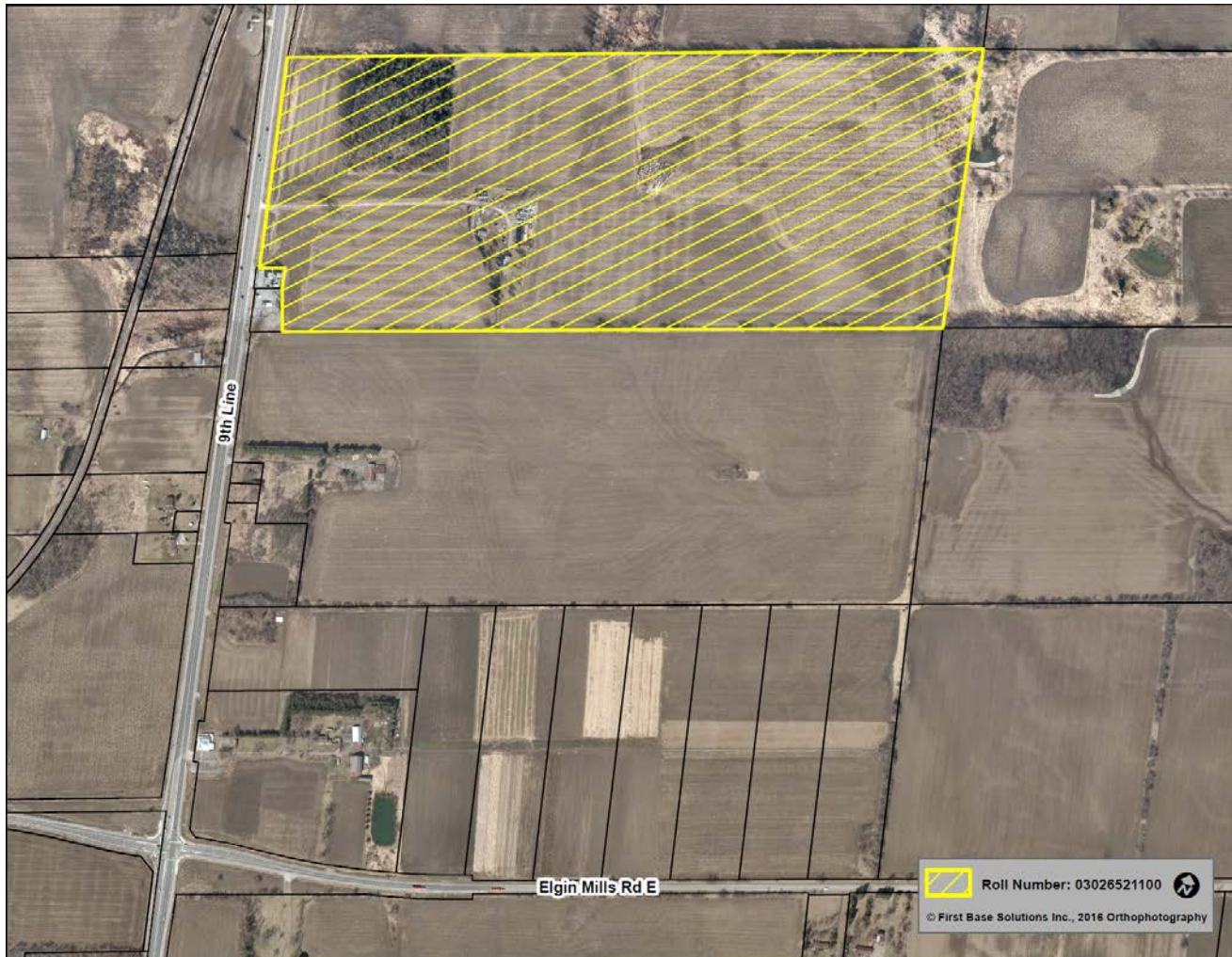




Property 17) 10903 Ninth Line - 1936-03-0-265-08400-0000

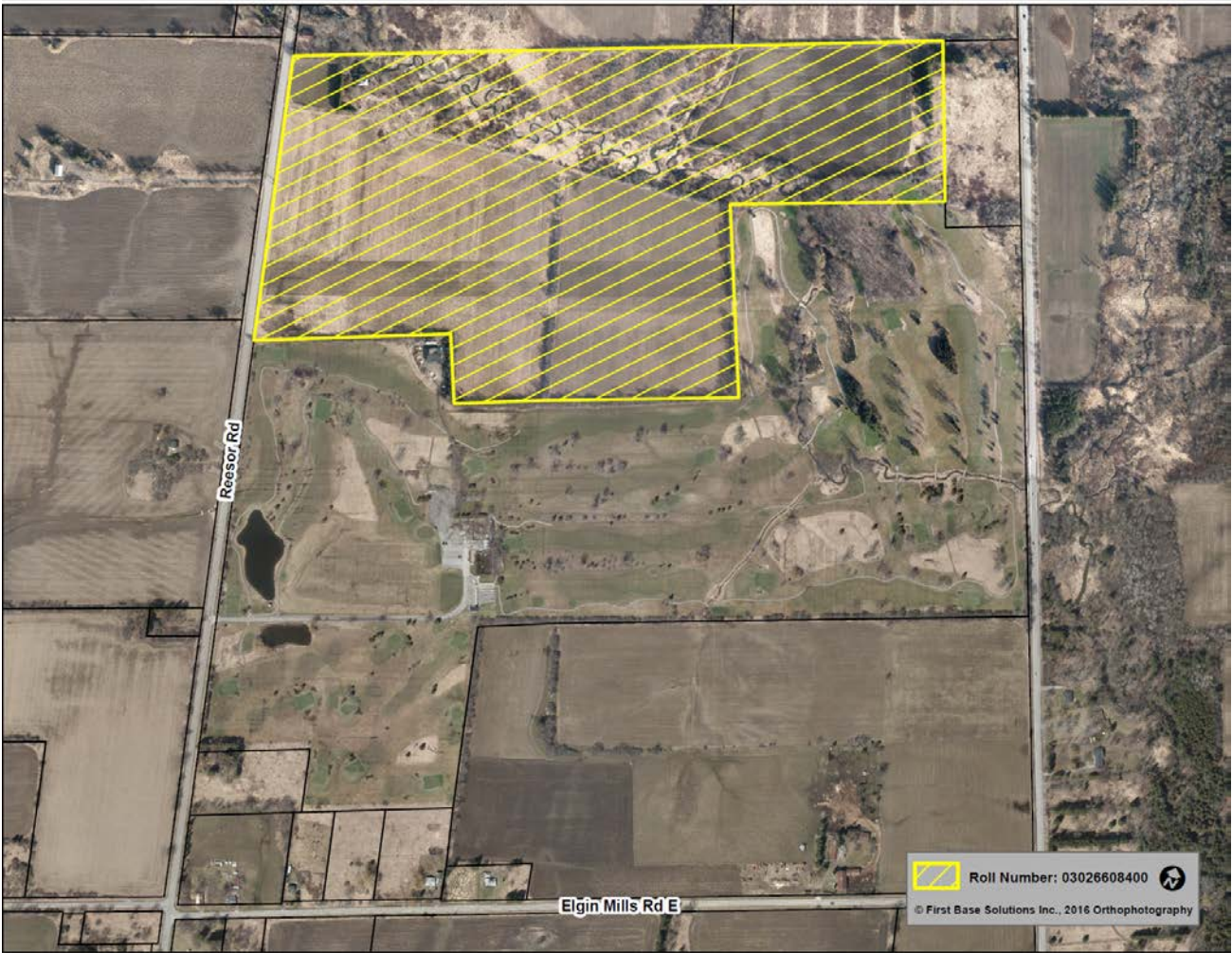


Property 18) 11129 Ninth Line - 1936-03-0-265-21100-0000





Property 19) 11201 Reesor Rd - 1936-03-0-266-08400-0000

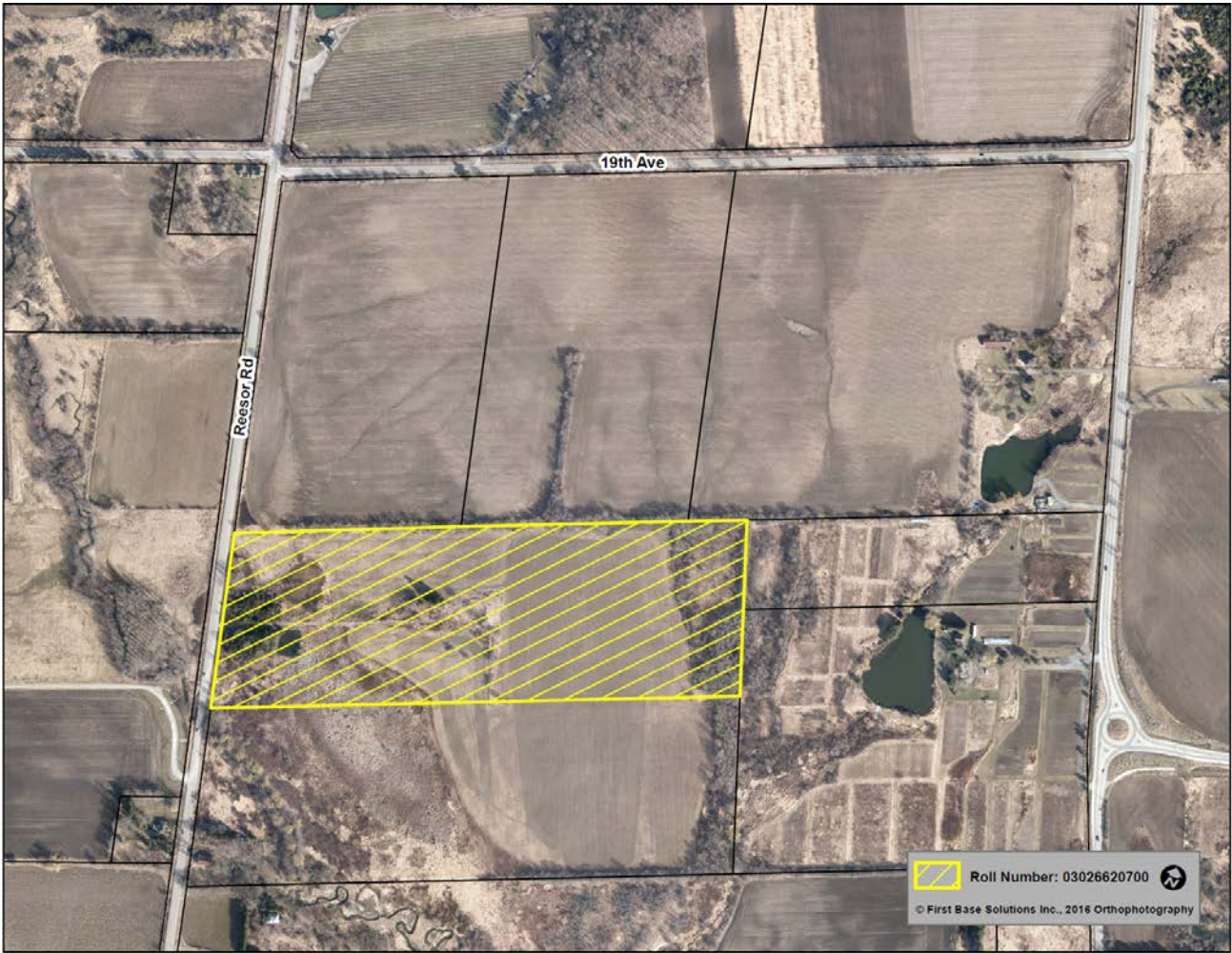


Property 20) 11223 Reesor Rd - 1936-03-0-266-17700-0000





Property 21) 11315 Reesor Rd - 1936-03-0-266-20700-0000

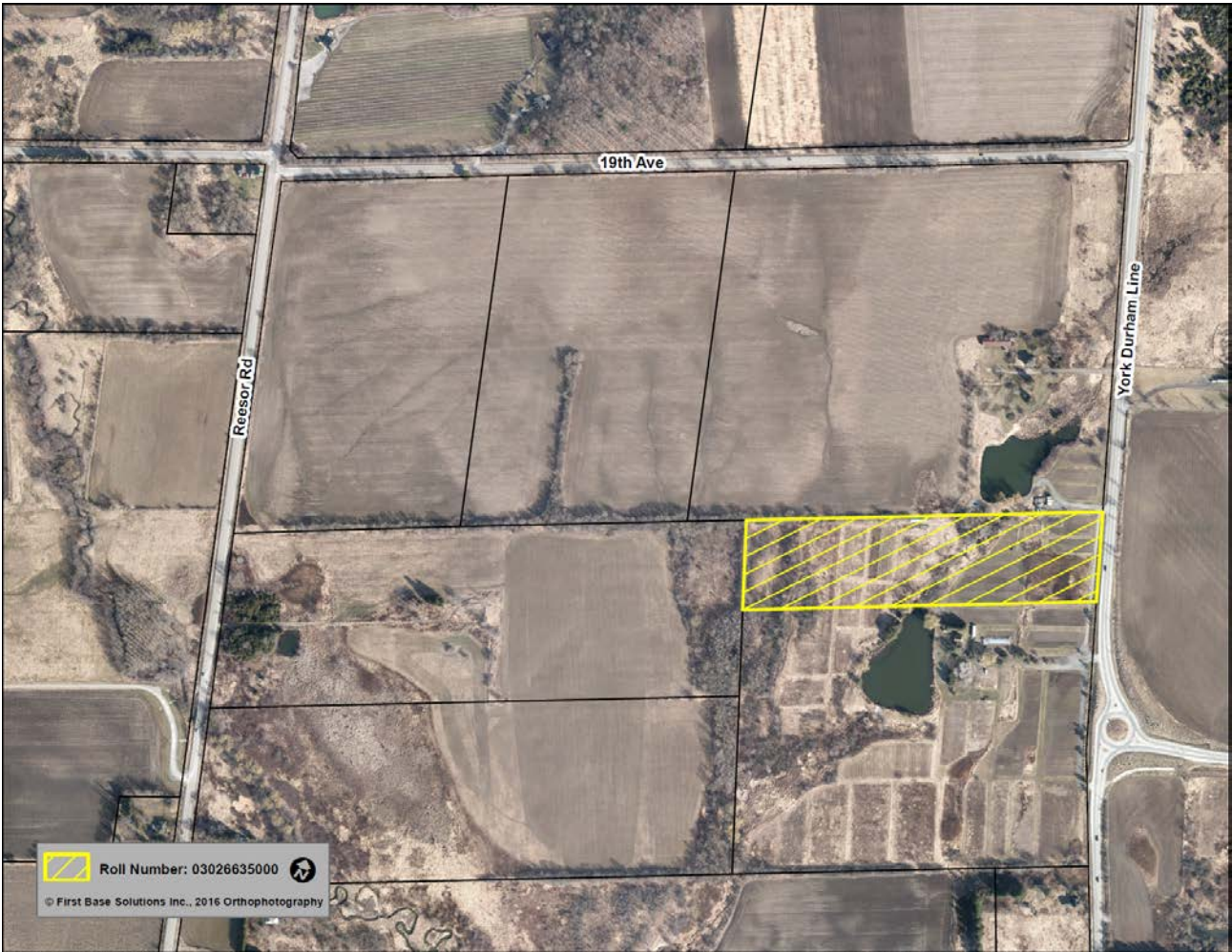


Property 22) 11290 - 11350 York-Durham Line - 1936-03-0-266-34400-0000

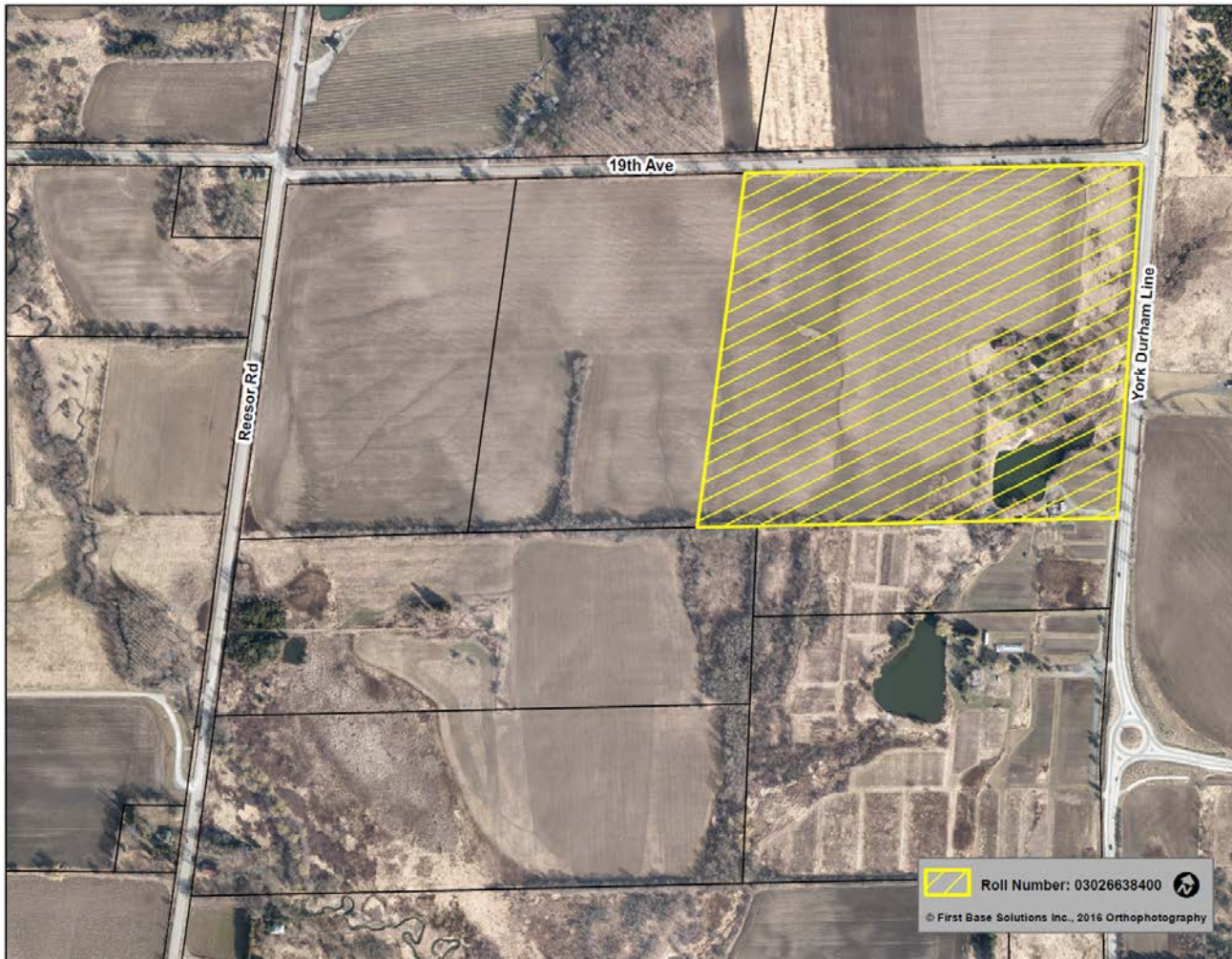




Property 23) 0 York-Durham Line - 1936-03-0-266-35000-0000

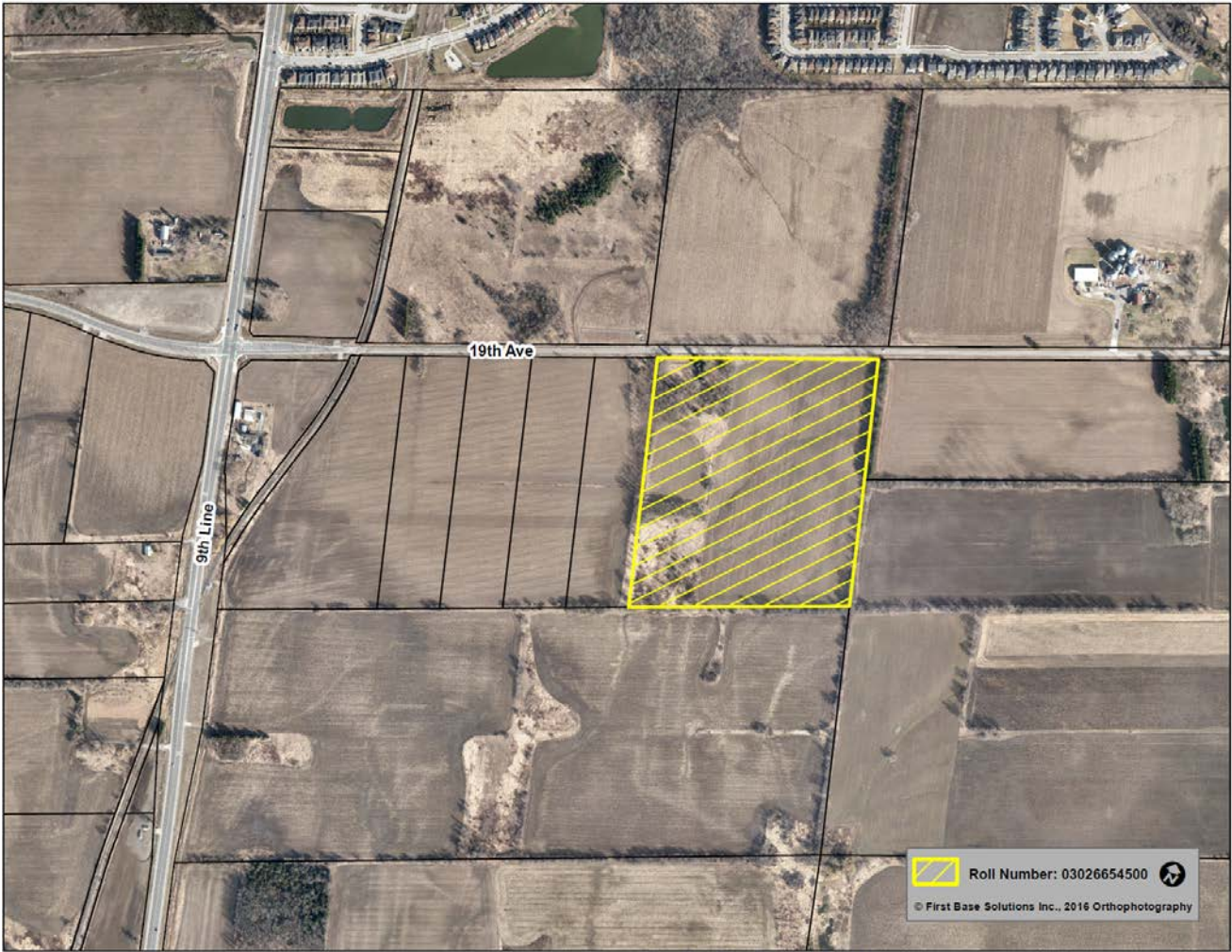


Property 24) 11410 York-Durham Line - 1936-03-0-266-38400-0000

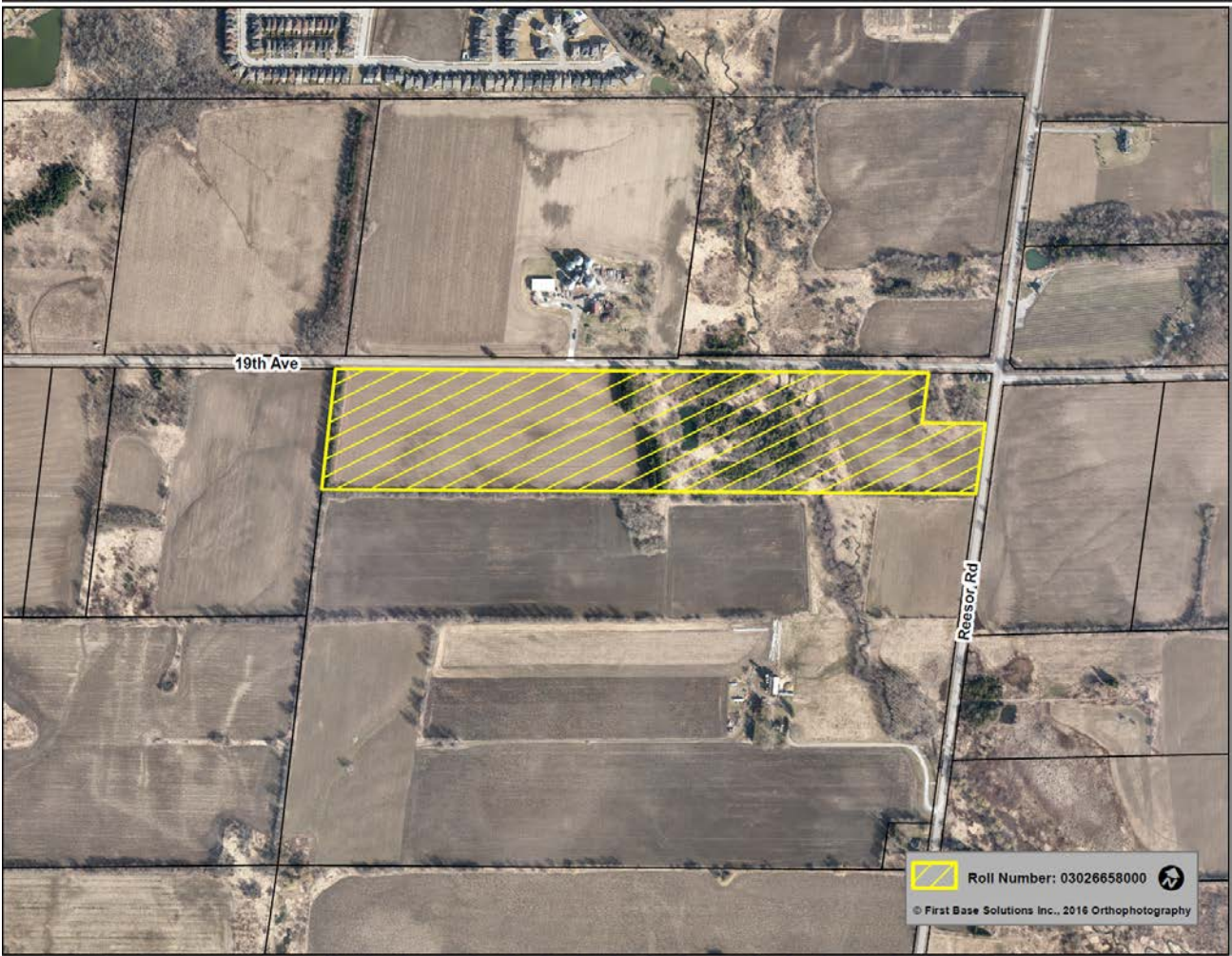




Property 25) 0 19th Ave - 1936-03-0-266-54500-0000

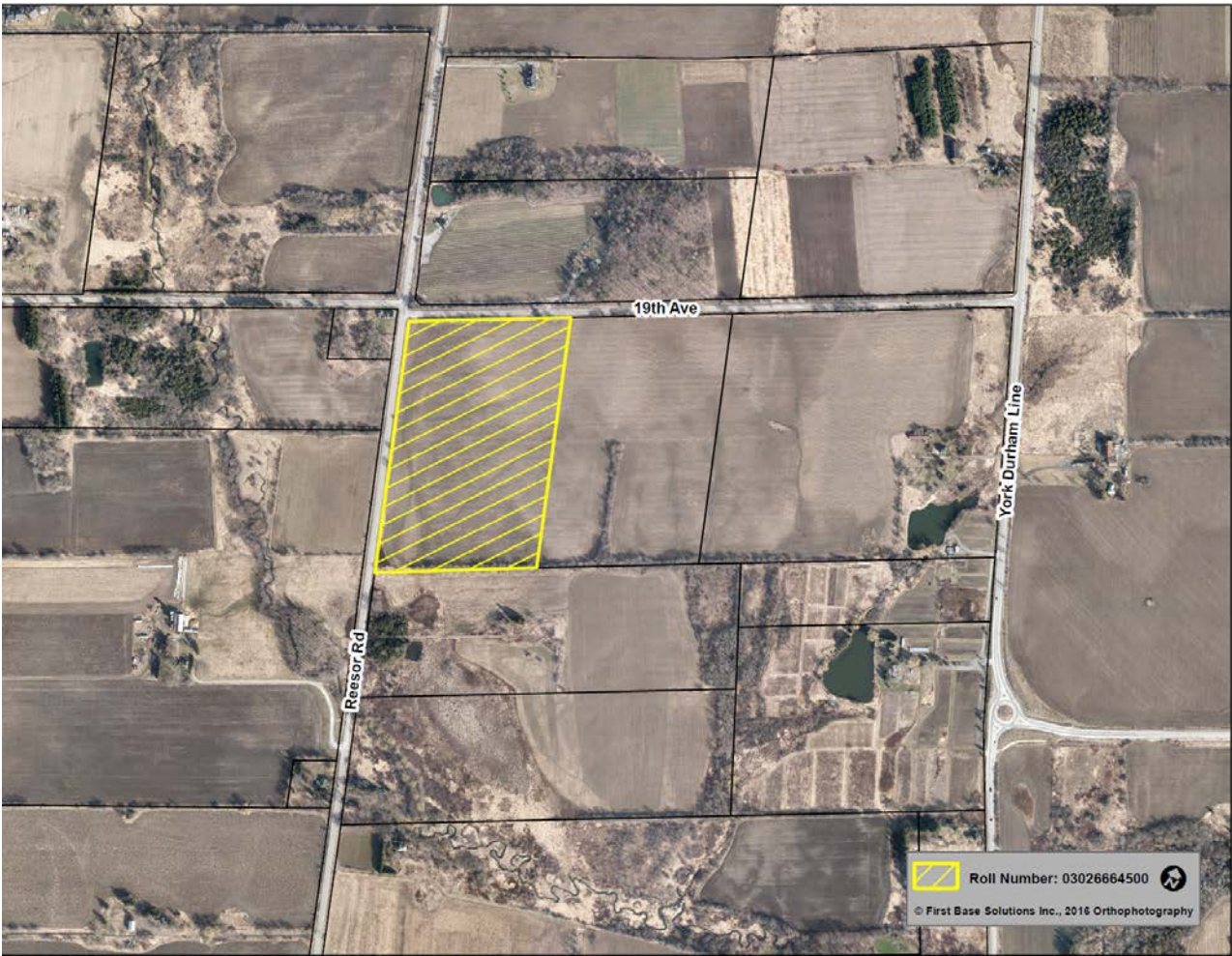


Property 26) 0 19th Ave - 1936-03-0-266-58000-0000

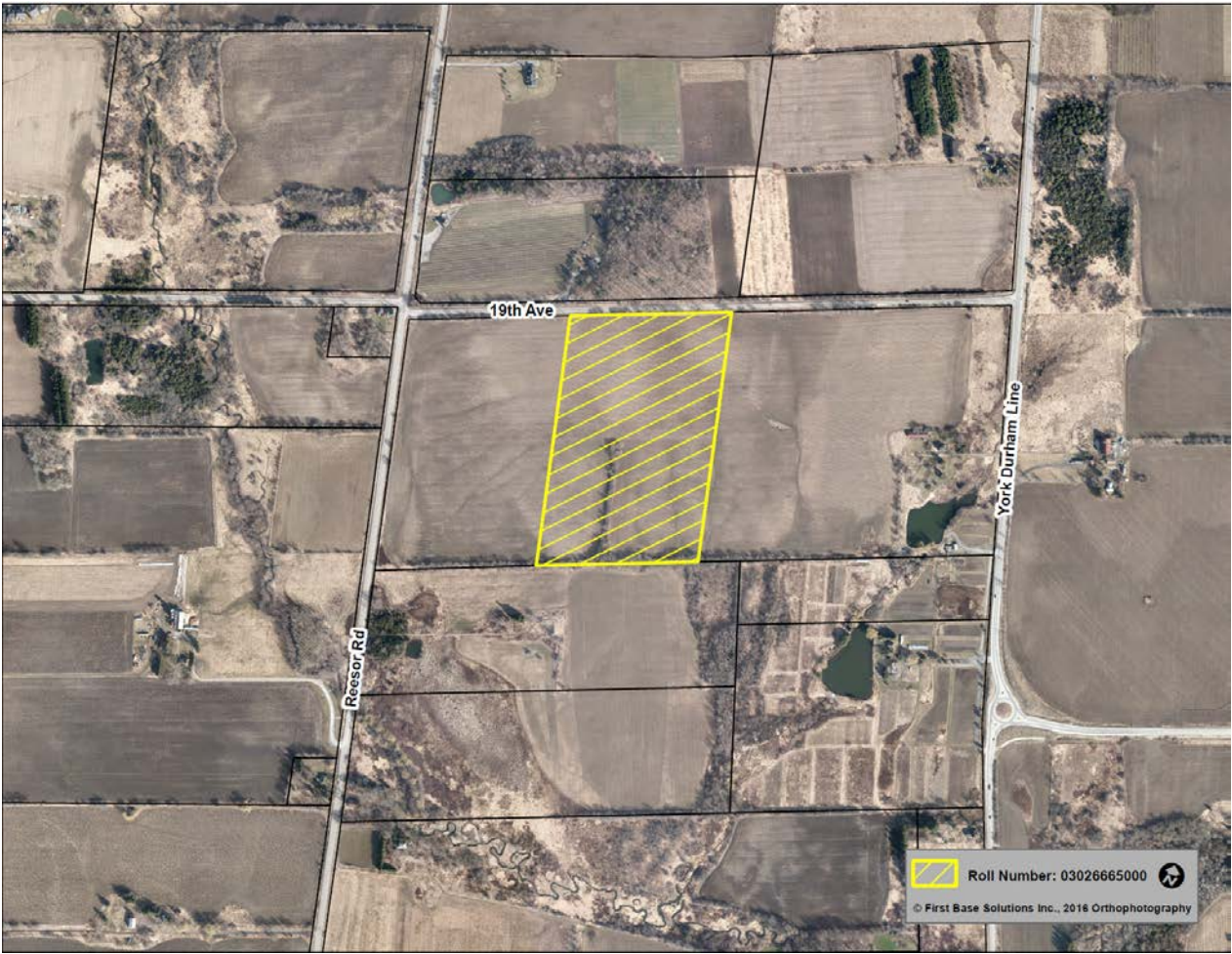




Property 27) 0 19th Ave - 1936-03-0-266-64500-0000

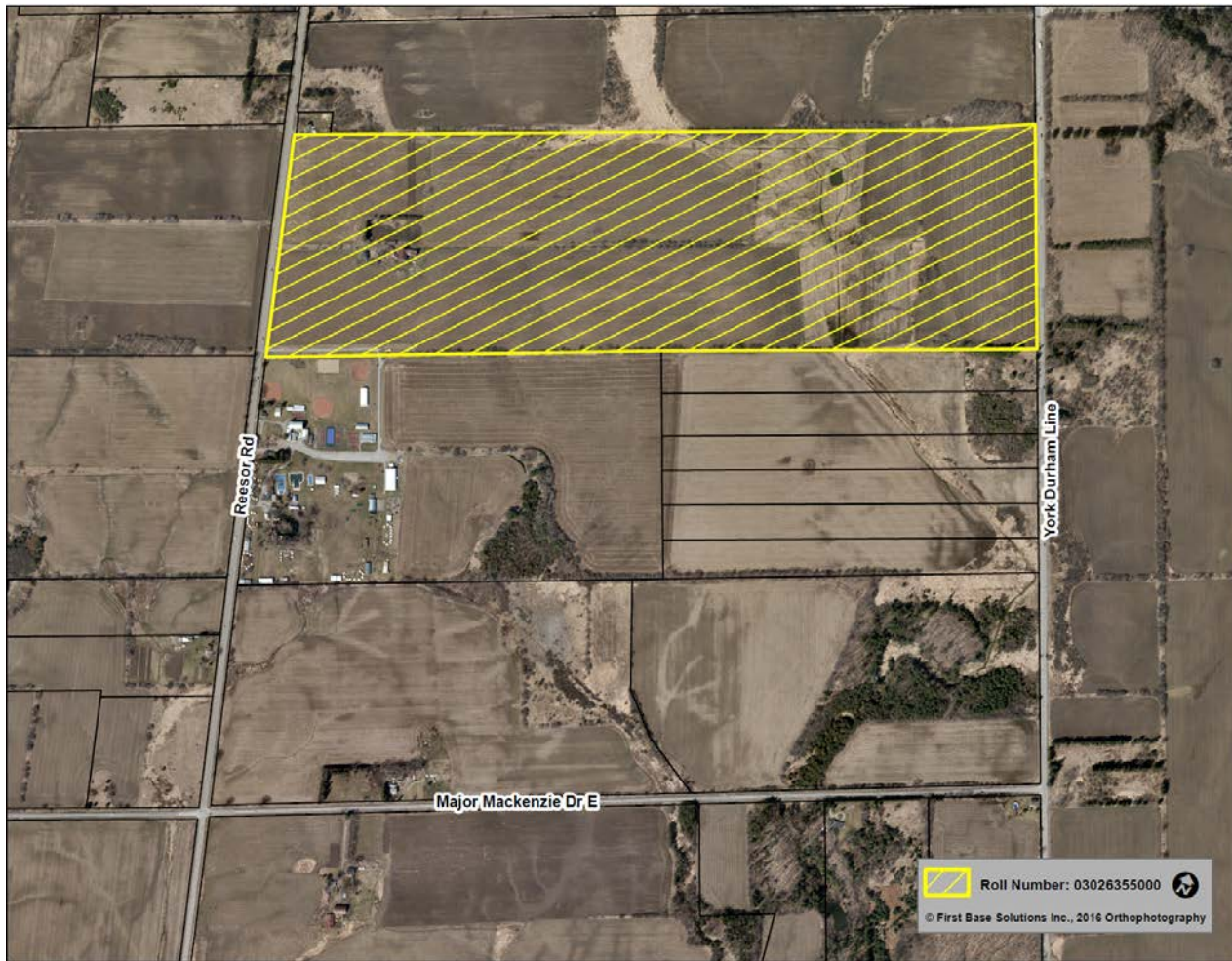


Property 28) 0 19th Ave - 1936-03-0-266-65000-0000

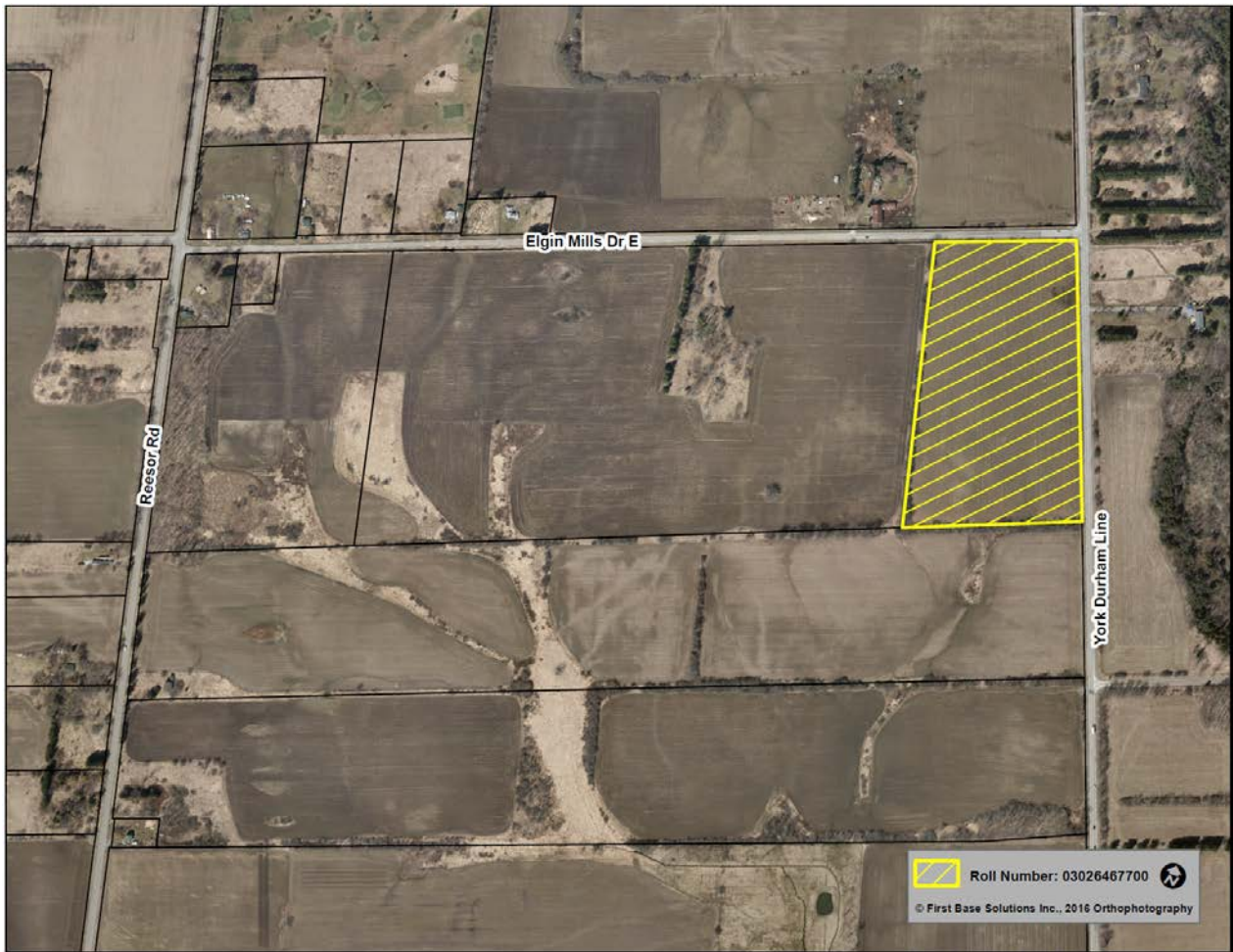




Property 29) 10377 Reesor Rd - 1936-03-0-263-55000-0000



Property 30) 0 Elgin Mills Rd E - 1936-03-0-264-67700-0000





Property 31) 7840 Elgin Mills - 1936-03-0-264-96300-0000

