



Report to: General Committee

Report Date: March 4, 2013

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

PREPARED BY: Paul Wealleans, Director, Taxation
Shane Manson, Manager, Tax & Assessment Policy

RECOMMENDATIONS:

THAT property taxes totalling \$326,502 (excluding penalty and interest) as set out in this report be written off pursuant to the provision of Section 354 of the *Municipal Act, 2001*, of which the City's portion is estimated at \$80,612.

AND THAT applicable penalty/interest charges (estimated at \$300,000) be written-off accordingly;

AND THAT the Treasurer be directed to remove the property taxes from the Collector's Roll based on the date of write-off;

AND THAT the Markham portion of taxes be charged to Tax Write-off Account 850 850 7051;

AND THAT the Treasurer be authorized to write-off taxes levied annually for properties 1 to 6 on Appendix A every year in a tax write-off report;

AND THAT staff be authorized to and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval by Council to adjust and/or write-off the balance of various property tax accounts as set out in the attached schedule. Total adjustments are \$326,502 including approximately \$80,612 for the City of Markham.

BACKGROUND:

Section 354 of the *Municipal Act, 2001*, provides for the removal of unpaid taxes from the tax roll if the Council of the local municipality, on the recommendation of the Treasurer, writes off the taxes as uncollectible. The local municipality may write off taxes after an unsuccessful tax sale, or if the recommendation of the Treasurer includes an explanation of why conducting a tax sale would be ineffective or inappropriate.

OPTIONS/ DISCUSSION:

Staff has determined that tax levies billed on seven properties are uncollectible and should be written off (Appendix A). The recommendations for tax write-off are from accounts that have gone through the City's collection process. If required, the tax collection process includes some or all of the following: Overdue Statements, Final Demand Notices, investigations, telephone calls, meetings and Bailiff Warrants.

Details of the seven properties, including the reason the amounts are being recommended for write off are provided below. A map of each property is included in Appendix B. Six of the seven properties listed below were registered for tax sale in 2009 but never taken to tax sale for reasons noted below. Most have no value or minimal value and likely would be unsuccessful at tax sale. It is recommended that the City write-off the taxes for these properties for the following reasons;

1. A tax sale would likely be unsuccessful, meaning there would be no bids;
2. The City does not want the properties to vest with the corporation for operational and liability reasons.

City staff engaged MPIRE Real Estate Appraisers & Consultants Ltd to complete a consulting report on the properties listed below. The purpose of the consulting report is to provide an opinion as to whether these properties (except item seven) have any value over and above a nominal value; if the property can be successfully marketed, and if the property should continue in private ownership.

Included below is a property description and analysis of each of the seven properties along with comments from both City staff and the above-noted consultant. A land titles search has been completed for properties one through six below.

1. 0 Leslie Street E/S – Ward 2

Legal Description: Con 3 Pt Lt 8 – RS64R6030 Pt 3

Vicinity of: Leslie & 407 Hwy (RT Vacant Land)

Ownership on Title: Fieldgate Development & Construction Ltd.

Tax Roll Number: 19 36 020 112 61501

Overdue tax levies: \$40,215; Penalty: \$38,077; Total: \$78,292

2013 CVA - \$304,000

Staff Comments

This property is a small landlocked parcel of land, which is situated on the north side of St. Roberts High School in the middle of what use to be a grassy lane. This land is adjacent to Highway 407. There is a concrete vault that reads "PCB'S STORED HERE": The Ministry states there is no record of PCB storage on the property. This property was previously registered for tax sale in 2009. The assessed owner is no longer in existence.

Section 354(4) (b) is the only recourse available to the City to remove the taxes without going to tax sale. As this property cannot be developed, there would be no hope of recovering the taxes that have accumulated to date.

Consultant Comments

The subject property is a narrow strip of land adjacent to a high school that is otherwise in the midst of the Parkway Belt. It's only access appears via school property. The land may be part of a berm constructed along the north side of the school's sports field to mitigate highway noise. This property would have little market appeal. A possible use may be as a contribution to school land or open space. The consultant anticipates that it would have only nominal value.

2. 4158 Highway 7 – Ward 3

Legal Description: Con 5 Pt Lt 11 RS65R5095 Pt 1

Vicinity of: Ferrah St and Sciberras Road (RT Vacant Land)

Ownership on Title: 910904 Ontario Inc.

Tax Roll Number: 19 36 020 140 38600

Overdue tax levies: \$24,595; Penalty: \$21,020; Total: \$45,615

2013 CVA: \$268,500

Staff Comments

This is a triangular piece of land adjoining the roadway at the southwest corner of Ferrah St and Sciberras Road. It is the residual of a plan of subdivision and was apparently given to the City for road allocation purposes back in 1972 as a part of a subdivision agreement (M-1475). Staff, have been unable to trace and locate the owner of the numbered company. This property was previously registered for tax sale in 2009.

Section 354(4) (b) is the only recourse available to the City to remove the taxes without going to tax sale. As this property cannot be developed, there would be no hope of recovering the taxes that have accumulated to date.

Consultant Comments

As a result of this investigation it is the consultant's opinion that the property would have limited market appeal, which would likely be limited to the owner of property No. 5 Ferrah Street, and would probably result in a nominal value. The Corporation may wish to consider public ownership as the parcel appears to encroach public roads.

3. O Spanhouse Crescent – Ward 3

Legal Description: Pl M1961 Blk 209

Vicinity of: Warden & Glencove Dr, N of Hwy 7 (RT Vacant Land)

Ownership on Title: Bramalea Limited

Tax Roll Number: 19 36 020 142 01550

Overdue tax levies: \$13,014; Penalty: \$13,871; Total: \$26,885

2013 CVA: \$59,500

Staff Comments

This property is a small strip of land, which was the residual of a part of subdivision agreement. This parcel and others were supposed to be combined with the adjacent properties to create building lots in conformity with By-Law 118.79 (per subdivision agreement); however it was never combined as such. The parcel is only 3.080 meters wide and abuts up to Lot 1 of Plan 65M2146. The original owner has since finalized bankruptcy proceedings. This property was previously registered for tax sale in 2009. It could be viewed as a walkway between two lots, however City staff from Operations and Planning have advised it is not a piece of land of interest partially because there is no sidewalk to connect to. There is a wooden fence across it making it not accessible to the public.

Section 354(4) (b) is the only recourse available to the City to remove the taxes without going to tax sale. As this property cannot be developed, there would be no hope of recovering the taxes that have accumulated to date.

Consultant Comments

The long narrow shape of the property limits its use. Positioned between two residential lots the land may have been intended to create a public walkway. In the consultant's view the land has limited marketability, which is likely restricted to the adjoining property owners to augment their property. The consultant anticipates a nominal value.

4. 0 Millstone Crt. – Ward 3

Legal Description: Con 5 Pt Lt 15 – 65R7252 Pt 2 & 3

Vicinity of: South of 16th Ave, East of Village Pkwy (RT Vacant Land)

Ownership on Title: Bramalea Limited

Tax Roll Number: 19 36 020 143 80500

Overdue tax levies: \$78,965; Penalty: \$81,712; Total: \$160,677

2013 CVA: \$793,250

Staff Comments

This property is a vacant residential lot that abuts Toogood Pond Park. The City does not maintain it. It is currently zoned open space which could impact the overall value of the property. The lands abut 8 existing residential properties; it would appear to be the residual from a Plan of Subdivision. The original owner has since finalized bankruptcy proceedings. This property was previously registered for tax sale in 2009.

Section 354(4) (b) is the only recourse available to the City to remove the taxes without going to tax sale. As this property cannot be developed, there would be no hope of recovering the taxes that have accumulated to date.

Consultant Comments

The subject property is located in an attractive and secluded residential area close to a park. The property shape allows a narrow access point to Millstone Court that is developed with single detached homes. Due to the presence of hazard lands the consultant assumes that no development on this parcel is allowed. If it was physically possible to construct one or more dwellings that would be highest and best use. Most likely Highest and Best use would be the

sale of parts of the property to adjoining homeowners with the remainder being acquired for public use as parkland. In this scenario the market is limited to adjoining owners who may only wish to acquire for a nominal value.

5. 0 Barclay Court – Ward 2

Legal Description: PL M1813 Blk B

Vicinity of: Fairway Heights Drive & Steeles Ave, West of Leslie Street (RT Vacant Land)

Ownership on Title: Great Owl Developments Inc.

Tax Roll Number: 19 36 020 170 09900

Overdue tax levies: \$23,525; Penalty: \$20,635; Total: \$44,160

2013 CVA: \$178,750

Staff Comments

This property is a triangular shape block (Block B) that appears to be residual land from plan M1813. The subdivision agreement between the Owner and City restricted the development of Block B. The Owner covenanted and agreed that Block B shall be left undeveloped unless/until it is assembled with the adjacent lands. This agreement took place in 1978. A Corporate Title search identified the corporation (Owner) as cancelled. This means the land is now vested in the Crown, because of escheat or forfeit under the Business Corporations Act or the Corporations Act. Registration is still possible; however this means the proceeds of the sale, minus the cancelation price, must be paid to the Superior Court of Justice. This property was previously registered for tax sale in 2009. The land abuts the Bayview Golf and Country Club but the subject land is too small and too close to the road for it to be used as part of a golf club.

Section 354(4) (b) is the only recourse available to the City to remove the taxes without going to tax sale. As this property cannot be developed, there would be no hope of recovering the taxes that have accumulated to date.

Consultant Comments

As a result of this investigation it is the consultant's opinion that the property would have limited market appeal and nominal value. It has a small irregular shape that does not appear to benefit either of the two neighboring properties. Currently the land appears as part of the streetscape; a continuation of this use is most likely the Highest and Best Use.

6. 0 Highway 48 – Ward 5

Legal Description: Con 7 Pt Lt 31

Vicinity of: Highway 48 & 19th Avenue (RT Vacant Land)

Ownership on Title: 935499 Ontario Limited

Tax Roll Number: 19 36 030 245 60000

Overdue tax levies: \$32,428; Penalty: \$26,021; Total: \$58,449

2013 CVA: \$326,750

Staff Comments

This property has been abandoned and corporate searches have been completed and resulted in the inability to locate the Owner(s). The original Corporation no longer exists; a notice was posted in the Ontario Gazette of a Cancellation of Certificate of Incorporation issued March 15th, 2008 for failure to comply with the provisions of the Corporate Tax Act.

Section 354(4) (b) is the only recourse available to the City to remove the taxes without going to tax sale. As this property cannot be developed, there would be no hope of recovering the taxes that have accumulated to date.

Consultant Comments

The land slopes downwards from north to south and from west to east and is significantly below the road grade in places. A water course traverses the property, passing under a small bridge close to 19th Avenue. The land is tree-covered and may never have been built on. As a result of the topography and water course and its designation under the Official Plan and Zoning, it is the consultant's belief that no development is likely to occur on this property. As a result the consultant envisages only nominal value for this property.

7. 2401 Denison Street – Ward 8

Legal Description: Pl 65m2352 Pt Blks 64 & 65 RS65R14610 Pts 2 & 3

Vicinity of: 2401 Denison St. (Non Residential)

Ownership on Title: Markham Town

Tax Roll Number: 19 36 030 211 25200

Overdue tax levies: \$113,760; Penalty: \$99,462; \$213,222

2013 CVA: \$6,648,250

Staff Comments

This property is known as Armadale Community Centre. In 1999, the City of Markham entered into a lease agreement with a Montessori school for space which they occupied until June 2012. The tenant has left the building. Under the original terms of the lease between the parties, there was an absence of any tax or tax-related recovery provisions, or any provisions regarding 'gross' or 'net' rent. Staff will ensure that the tax provision language is included in all future leases / licenses for taxable tenants.

As this property is City owned, writing off the taxes removes uncollectible taxes from the city's books and provides the municipality the authority to charge back both the Regional and education portions of the tax levies.

Consultant Comments

Not retained for this property.

Properties 1 – 6 on Appendix A were registered for tax sale in 2009 but never taken to tax sale, either because a tax sale would likely be unsuccessful, meaning there would be no bids, or that the City does not the properties to vest with the corporation for operational or liability reasons. As a result, these remnants will continue to attract taxes annually. It is recommended the

Treasurer be authorized to write-off taxes levied annually for properties 1 to 6 on Appendix A every second year in a tax write-off report. Staff of Development Services advise that properties like these six that are remnants of a subdivision plan no longer occur as all pieces of land are accounted for in the plan.

FINANCIAL CONSIDERATIONS:

The following summarizes the categories and levying bodies for the write-offs:

Levying Body	
City	\$ 80,612
Region	\$ 121,720
Education	\$ 124,170
Tax Total	\$ 326,502

Reason	
City Property	\$ 113,760
Unsuccessful Tax Sale	\$ 212,742
Total	\$ 326,502
Penalty/Interest	\$ 300,000

The amounts of taxes to be written off total \$326,502 (excluding penalty). Of this total the City's estimated share is \$80,612. The balance of the \$245,890 will be charged to the Region of York and the School Boards accordingly. The Markham portion of taxes will be charged to Tax Write-off Account 850 850 7051.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Legal Services Department.

RECOMMENDED BY:

X

Joel Lustig
Treasurer

X

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

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

Appendix A: Summary of Tax Write-offs

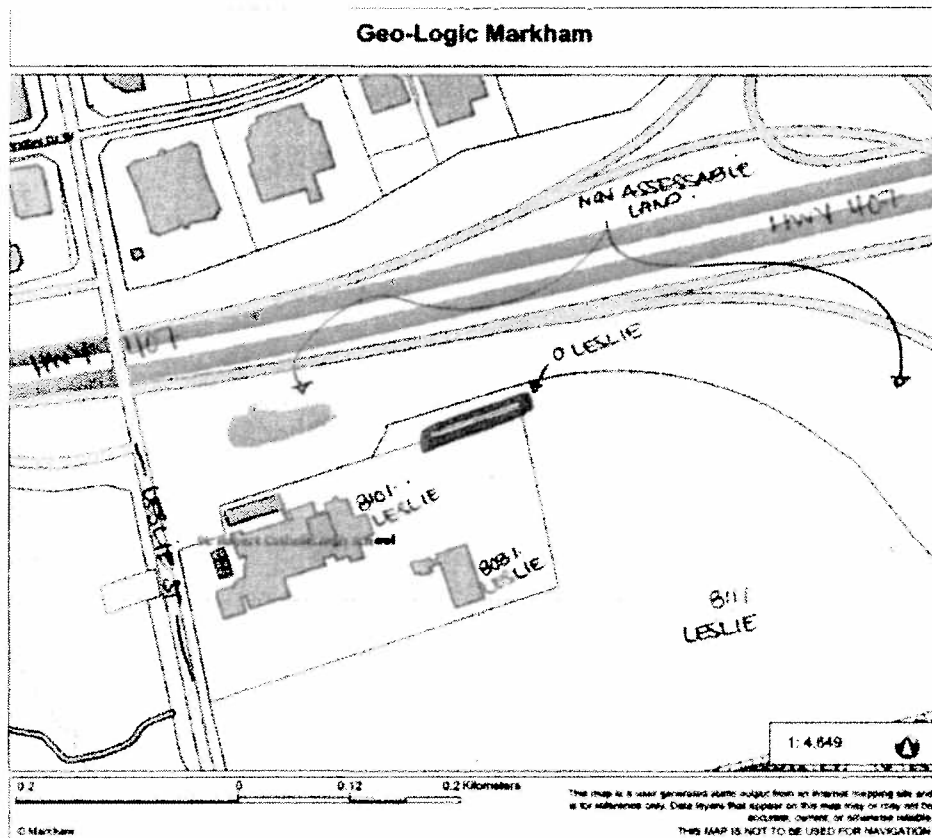
Property	Ward	Roll Number	Property Address	Overdue Taxes	No. of Years	Comments
1	2	020-112-61501	0 Leslie St E/S	\$40,215	18	Residential Land (Landlocked)
2	3	020-140-38600	4158 Highway 7	\$24,595	11	Residential Land (Encroach Public Road)
3	3	020-142-01550	0 Spanhouse Cres W/S	\$13,014	14	Residential Land (Residual from Subdivision)
4	3	020-143-80500	0 Millstone Crt (Rear)	\$78,965	18	Residential Land (Residual from Subdivision)
5	2	020-170-09900	0 Barclay Way	\$23,525	18	Residential Land (Part of Streetscape)
6	5	030-245-60000	0 Highway 48 E/S	\$32,428	13	Residential Land (Development not likely)
7	8	030 211 25200	2401 Denison Street	\$113,760	14	Former Tenant was Montessori School
Total				\$326,502		

Appendix B: Maps & Photos

Property 1: 0 Leslie Street E/S



View of the property lying in the vicinity of the northeast corner of school land

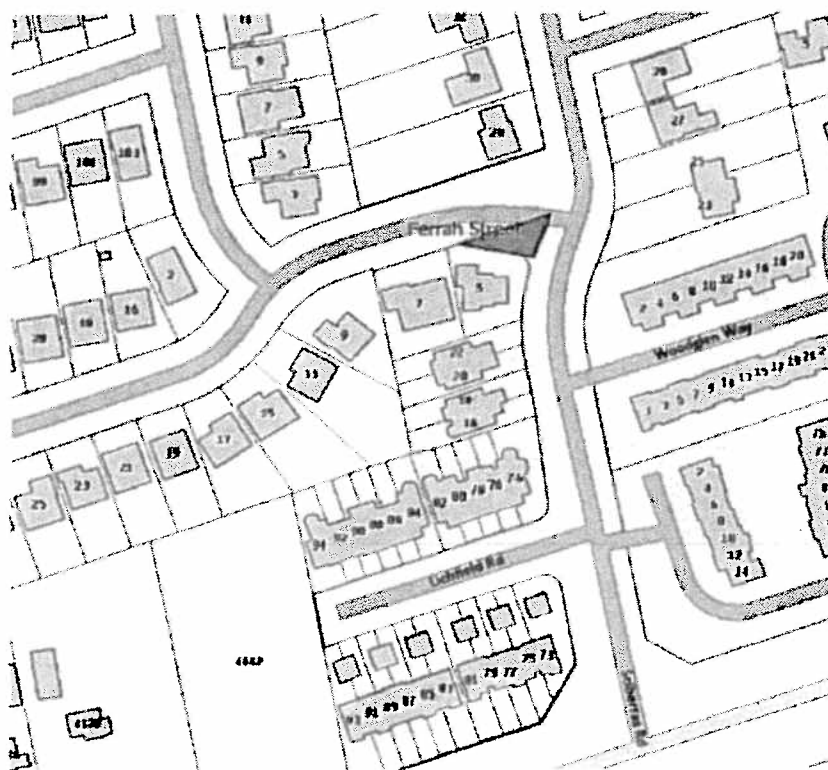


Property 2: 4158 Highway 7



View of the property, it appears to abuts No 5 Ferrah Street and may encroach the road
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Property 3: 0 Spanhouse Cres W/S



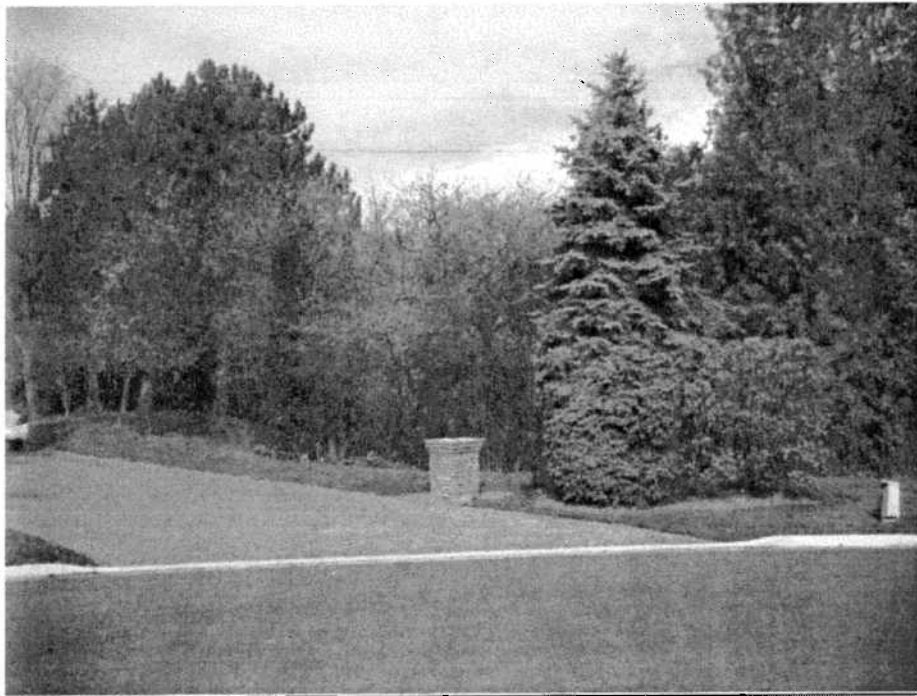
View of property between Nos. 52 & 54 Spanhouse Crescent

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Property 4: 0 Milestone Crt (rear)



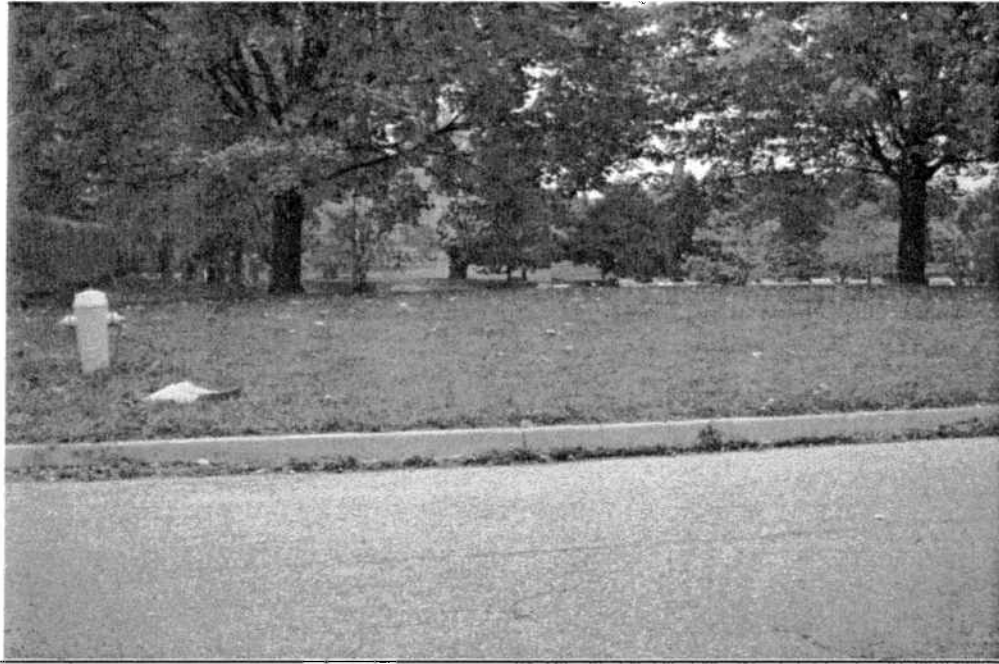
Views of subject property lying beyond the north end of Millstone Court

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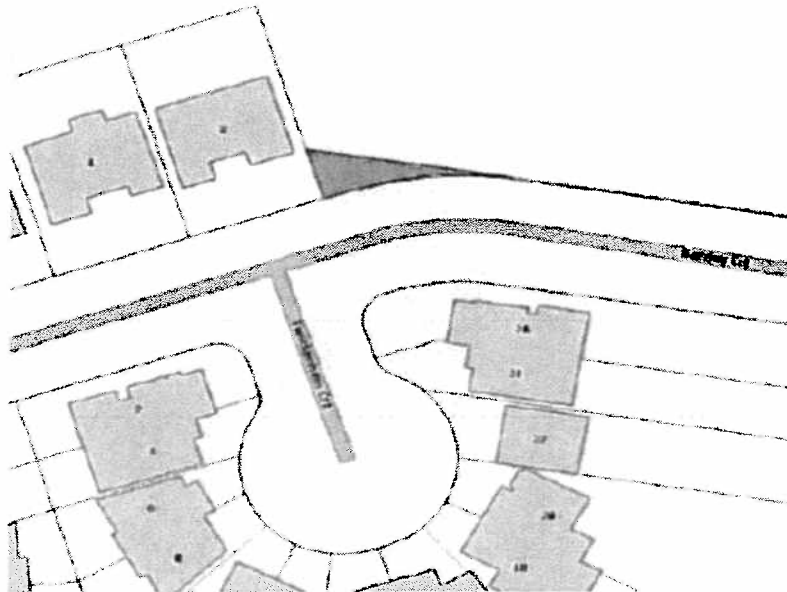
Property 5: 0 Barclay Way



Subject land is an irregularly shaped parcel in the vicinity of the hydrant

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Property 6: 0 Highway 48 E/S



View of property showing stream traversing the land

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