

**REPORT FOR ACTION****Largest Property Tax Debtors with Tax Arrears
Greater than \$500,000 as at December 31, 2016**

Date: March 17, 2017
To: Government Management Committee
From: Treasurer
Wards: All

SUMMARY

This report provides information on property tax accounts with outstanding receivables of \$500,000 or more as of December 31, 2016, and reports on the total outstanding tax receivables as at December 31, 2016.

RECOMMENDATIONS

The Treasurer recommends that:

1. Government Management Committee receive this report for information

FINANCIAL IMPACT

There are no financial implications arising from this report.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information

DECISION HISTORY

In accordance with Council decisions, the Treasurer reports to Government Management Committee twice a year providing a list of properties with tax arrears greater than \$500,000. The list identifies the assessed property owner, the efforts that have been made to collect the unpaid taxes, and whether a bailiff has been used in collection efforts. For those properties that are owned by an individual (as opposed to a corporation) the listing is submitted in camera in accordance with privacy legislation.

To view these previous Council decisions and reports online please follow the links below:

<http://www.toronto.ca/legdocs/2000/agendas/council/cc/cc001003/adm19rpt/cl002.pdf>

<http://www.toronto.ca/legdocs/2004/agendas/council/cc041130/adm9rpt/cl034.pdf>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2007.GM3.16>

In addition, Council has approved procedures in cases where properties with unpaid taxes are known or suspected to be affected by environmental contamination, including the registration of a Tax Arrears Certificate against title to the property. To view this report and Council's approval, please follow the links below:

<http://www.toronto.ca/legdocs/2006/agendas/committees/adm/adm060105/it007.pdf>

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060329/cl001.pdf> (page 64)

COMMENTS

Attachment 1 to this report provides a list of properties owned by corporations with tax arrears of \$500,000 or more as at December 31, 2016. There are 29 properties with a tax receivable balance of \$500,000 or more, totalling approximately \$30.8 million.

- One (1) property (186 Bartley Drive) with approximately \$3.5 million in unpaid taxes and associated interest is the subject of an agreement approved by Council that includes environmental clean-up and payment arrangements;
- Four (4) properties (99 Toryork Drive, 2627 Eglinton Avenue East, 440 Birchmount Road and 0 Lake Shore Blvd West) with approximately \$6.0 million in unpaid taxes and associated interest have been previously offered for sale in a "Sale of Land by Public Tender" with no successful tenders submitted.
- Six (6) properties with approximately \$6.5 million in unpaid taxes are for various commercial condominium units located at 222 Spadina Ave, five (5) of which have previously been the subject of unsuccessful tax sales. The remaining one (1) property is in the process of having a Tax Arrears Certificate registered against the title of the property.
- One (1) property (235 Queens Quay West) with approximately \$0.5 million in unpaid taxes was previously federally owned and sold to the City with old tax arrears from a tenant.
- One (1) property (33 Hahn Place) with approximately \$0.7 million in unpaid taxes is a City-owned property with pending tax exemption appeals that may either reduce or eliminate the unpaid taxes, and which is the subject of a forthcoming report to Council;
- One (1) property (0 Manitoba Street N/S) with approximately \$0.5 million in unpaid taxes has pending appeals that are expected to reduce the tax arrears.

- Two (2) properties (97 Rivalda Road and 97 Manville Road) with approximately \$1.9 million in unpaid taxes and associated interest have Tax Arrears Certificates registered against the title of the properties;
- Two (2) properties (38 Metropolitan Road and 110-120 Mack Avenue) with approximately \$1.5 million in unpaid taxes and associated interest have Tax Arrears Certificates being prepared to be registered against the title of the property;
- Seven (7) properties (600 Queens Plate Drive, 2 Hallcrown Place, 1500 Birchmount Road, 240 Duncan Mill Road, 1450 Don Mills Road, 77 Belfield Road and 65 Heward Avenue) with approximately \$6.0 million in unpaid taxes and associated interest have been mailed Final Notices advising of pending bailiff action;
- One (1) property (2-6 Lisgar Street) with approximately \$1.0 million in unpaid taxes and associated interest has a pending apportionment appeal that will apportion the property taxes owing to individual owners;
- One (1) property (500 Norfinch Drive) with approximately \$0.9 million in unpaid taxes and associated interest has credits on other properties that may offset the outstanding balance;
- The remaining two (2) properties (189-195 Milner Avenue and 720 Mount Pleasant Road) with approximately \$1.8 million in unpaid taxes and associated interest have been paid in full or are in a credit position since December 31, 2016.

Attachment 2 to this report identifies two (2) properties, with a value of approximately \$2.8 million, which were removed from the Largest Debtors list since the previous report (as at June 30, 2016).

- One (1) property (23 Brydon Drive) with approximately \$2.3 million in unpaid taxes was sold in a Sale of Land by Public Tender Tax Sale;
- One (1) property (275-375 Bleeker Street) with approximately \$0.5 million in unpaid taxes is a City owned property with exemption appeals that eliminated the taxes.

Table 1, below, contrasts the outstanding tax receivables of the largest debtors for the period from December 31, 2000 to December 31, 2016.

Table 1: Tax Debtors Greater than \$500,000 – 2000 to 2016

As of December 31	Outstanding Tax Account Receivables	Number of Accounts
2000	\$69.8 million	45
2001	\$43.3 million	36
2002	\$42.1 million	31
2003	\$26.8 million	22
2004	\$25.5 million	22
2005	\$24.5 million	23
2006	\$24.4 million	21

As of December 31	Outstanding Tax Account Receivables	Number of Accounts
2007	\$30.0 million	24
2008	\$20.2 million	18
2009	\$33.6 million	32
2010	\$26.5 million	22
2011	\$23.1 million	18
2012	\$21.7 million	17
2013	\$21.6 million	14
2014	\$26.9 million	20
2015	\$24.5 million	22
2016	\$30.8 million	29

In aggregate, the December 31, 2016 tax receivable for the City's largest tax debtors has decreased by \$39.0 million when contrasted with the first report presented to Council in December 31, 2000.

Tax receivables will continue to be monitored and acted upon in a timely manner. The largest debtor accounts continue to be a priority for collection.

Taxes Receivable as at December 31, 2016

The City bills approximately \$6.1 billion in property taxes for municipal and school purposes each year, of which approximately \$4.0 billion is for municipal purposes. Most property owners pay their taxes on time, with approximately 97% to 98% of the total taxes levied each year being paid within the year the taxes are billed. The most recent statistics from the Municipal Benchmarking Network Canada (MBNCanada), which compares various performance measures amongst Ontario municipalities, identify that for 2015 the City of Toronto collected 97.9 per cent of property taxes within the calendar year in which the taxes were levied. Table 2 below provides a comparison of Toronto's collection success rate against other Ontario municipalities.

Table 2: Current Year's Tax Arrears as a Percentage of Current Year Levy¹

Municipality	Tax Arrears as a percentage of current year levy		
	2013	2014	2015
Ottawa	1.6%	1.7%	2.6%
Toronto	2.2%	2.2%	2.1%
London	2.2%	2.2%	2.1%
Thunder Bay	3.5%	3.2%	3.2%
Hamilton	4.1%	4.2%	3.8%
Windsor	5.2%	4.6%	4.4%

1. Source: Municipal Benchmarking Network Canada:

http://mbncanada.ca/app/uploads/2016/11/MBNCanada_2015_Performance_Measurement_Report.pdf

Attachment 3 to this report identifies the outstanding tax receivables as at December 31, 2016 with comparable tax receivables for tax years 2012 to 2015 inclusive.

Total unpaid tax receivables as of December 31, 2016 were \$275.6 million, representing an overall increase of \$18.0 million as compared to December 31, 2015.

Attachment 3 shows that the outstanding receivables for non-residential properties (commercial, industrial and multi-residential) increased by \$3.2 million and residential properties increased by \$14.8 million from December 2015 to December 2016.

CONTACT

Casey Brendon Director, Revenue Services Division,
Telephone: 416-392-8065 Fax: 416-696-3778, casey.brendon@toronto.ca

Nick Naddeo Manager, Revenue Accounting,
Telephone: 416-395-6789 Fax: 395-6703, nick.naddeo@toronto.ca

SIGNATURE

Mike St. Amant
Treasurer

ATTACHMENTS

Attachment 1: Properties with Tax Arrears Greater than \$500,000, Owned by a Corporation, as at December 31, 2016

Attachment 2: Properties removed from the Largest Debtor List since last report (June 30, 2016)

Attachment 3: Summary of Tax Receivables as at December 31, 2016 (unaudited), Compared to December 31 Tax Receivables for Years 2009 - 2015