

## **Largest Property Tax Debtors with Tax Arrears Greater than \$500,000 as at June 30, 2021**

**Date:** August 23, 2021

**To:** General Government and Licensing Committee

**From:** Controller

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

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The confidential attachment (Attachment 3) to this report identifies three (3) properties owned by individuals with tax arrears in excess of \$500,000. The Municipal Freedom of Information and Protection of Privacy Act prevents the public disclosure of information that could identify an individual.

### **SUMMARY**

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This report provides information on property tax accounts with outstanding receivables of \$500,000 or more as of June 30, 2021. The number of properties with outstanding receivable balances of \$500,000 or more is 30, as compared to 31 reported as of December 31, 2020.

### **RECOMMENDATIONS**

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The Chief Financial Officer and Treasurer recommends that:

1. City Council direct that the confidential information contained in Confidential Attachment 3 remain confidential in its entirety.

### **FINANCIAL IMPACT**

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The tax arrears identified in this report, following all possible attempts to collect, are fully provided for in the Non-Program Allowance for Doubtful Tax Receivables Account in prior years. As such, there is no impact on the current year's budget and there are no financial implications arising from this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

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In accordance with previous Council decisions, the Controller reports to General Government and Licensing Committee twice a year providing a list of properties with tax arrears greater than \$500,000. The attached list identifies the assessed corporate property owners, the efforts that have been made to collect the unpaid taxes, and whether a bailiff has been used in collection efforts. See: [Public Disclosure of Tax Arrears Information and Strategy for Aggressive Collection Procedures](#).

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:  
Staff Report: [Revisions to Tax Sale Process Resulting from Brownfields Legislation](#)  
City Council March 29 and 30, 2006: [Policy and Finance Committee Report 2](#) (page 64).

## ISSUE BACKGROUND

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Outstanding property tax receivables continue to be monitored and acted upon in a timely manner. The largest debtor accounts continue to be a priority for collection action.

Given that property taxes form a first priority lien on the property, the City's tax receivables are secure with little or no risk of loss. The Revenue Services Division uses both internal collection procedures (e.g., the mailing of overdue notices, telephone contact and ultimately the municipal tax sale process) and bailiffs to collect unpaid property taxes. In addition, the City charges 15% interest per year on overdue taxes. Penalties are applied at a rate of 1.25% on the first day of default and at the beginning of every month thereafter.

The use of municipal tax sale proceedings, as prescribed in the City of Toronto Act, 2006, is a proven and effective tool in the collection of unpaid property taxes. Once taxes are two years or more in arrears, a municipality may register a tax arrears certificate on title to the property.

The debtor has one year from the date of registration of a tax arrears certificate to pay the full cancellation price (the total of all unpaid taxes, all accrued penalties and interest, and any costs incurred by the municipality related to the property). Failing payment within that one year period, or the entering into of an extension agreement, the Treasurer is required to proceed to a sale of the property through a public auction or public tender.

## COMMENTS

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The number of properties with arrears greater than \$500,000 and the value of associated unpaid taxes has improved dramatically since 2000. Attachment 1 to this report provides a list of 27 properties owned by corporations with tax arrears of \$500,000 or more as at June 30, 2021. There are a total of 30 properties with a tax receivable balance of \$500,000 or more including three (3) owned by individuals (confidential attachment 3), totalling approximately \$42.6 million.

The following provides a summary of the unpaid receivables (taxes, interest and other charges):

- Six (6) properties with approximately \$8.8 million in unpaid receivables are for various commercial condominium units located at 222 Spadina Avenue, five (5) of which have previously been the subject of unsuccessful tax sales. The remaining one (1) property has had a Tax Arrears Certificate registered against the title of the property on September 7, 2017. All six (6) properties are being considered for tax sale in 2021.
- Four (4) properties (99 Toryork Drive, 0 Lake Shore Boulevard West, 2627 Eglinton Avenue East and 440 Birchmount Road), with approximately \$8.5 million in unpaid receivables, have been previously offered for sale in a “Sale of Land by Public Tender” with no successful tenders submitted.
- Two (2) properties (600 Queens Plate Drive and 1500 Birchmount Road) with approximately \$8.5 million in unpaid receivables, have reportedly been sold with the tax arrears expected to be paid upon closing.
- Five (5) properties (1027 Yonge Street, Lisgar Street, 900 York Mills Road, Queens Wharf Road and 10 Neighbourhood Lane) with approximately \$4.4 in unpaid receivables are the result of 2020 tax arrears and/or transactions being posted to the account during the 2020 taxation year. These properties are under investigation by the Revenue Services Division Collections Unit.
- Five (5) properties (350-358 Humberline Drive, 2267 Islington Avenue, 125 Commander Boulevard, 666 Burnhamthorpe Road and 1106 Dovercourt Road) with approximately \$4.3 million in unpaid receivables, are under investigation by the Revenue Services Division Collections Unit. Two of the properties (350-358 Humberline Drive and 125 Commander Boulevard) have payment arrangements and have begun to make payments. Collection efforts for the other three (3) properties (2267 Islington Avenue, 666 Burnhamthorpe Road and 1106 Dovercourt Road) have been unsuccessful to date.
- One (1) property (97 Manville Road) with approximately \$2.6 million in unpaid receivables, has a Tax Arrears Certificate registered against the title of the property and is being considered for tax sale in 2021.
- One (1) property (25 Glen Watford Drive) with approximately \$1.8 million in unpaid receivables, is currently subject to an application for a plan of subdivision which has been approved by Scarborough Community Council. The property owner is hoping to secure funding to bring this account in good standing.
- Two (2) properties (70 Queens Wharf Road and 8 Trent Avenue) with approximately \$1.2 million in unpaid receivables, which is expected to be apportioned to the various units in their respective buildings.
- One (1) property (225 Queens Quay West) with approximately \$0.6 million in unpaid receivables, has had rebates and grants posted to the property tax account after June 30, 2021 that have reduced the unpaid receivables to less than \$500,000.

- Three (3) properties owned by individuals with approximately \$1.9 million in unpaid receivables, are under investigation by the Revenue Services Division Collections Unit, and have had unsuccessful attempts to collect by the bailiff. One property has had a Tax Arrears Certificate registered against the title of the property.

### Properties removed from the Largest Debtors List since last report

Attachment 2 to this report identifies nine (9) properties (151 Roehampton Avenue, 100 Sheppard Avenue East, 2233 Sheppard Avenue West, 2 Hallcrown Place, 100 Bloor Street West, 120 Broadway Avenue, 76 Adelaide Street West, 55 Town Centre Court, 37 King Street East), with a value of approximately \$7.1 million, which were removed from the Largest Debtors list since the previous report (as at December 31, 2020). The property taxes on these properties have been paid in full, or have balances less than \$500,000 and have submitted postdated cheques that will clear the remaining balances.

Table 1, below, compares the outstanding tax receivables associated with the largest debtors from June 30, 2000 to June 30, 2021.

Table 1: Tax Debtors Greater than \$500,000 - 2000-2021

Tax Year as at June 30	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
2007	\$26.7 million	24
2008	\$26.8 million	21
2009	\$24.1 million	21
2010	\$25.4 million	20
2011	\$23.0 million	18
2012	\$23.9 million	18
2013	\$21.1 million	15
2014*	\$24.0 million	18
2015	\$24.6 million	22
2016	\$24.0 million	21
2017	\$29.7 million	25
2018*	\$23.1 million	19
2019	\$27.6 million	21
2020	\$27.9 million	21
2021	\$42.6 million	30

\*There was no Largest Debtor Report in June 2014 and June 2018 due to the Toronto municipal election. There was no collection action from March to June 2020 due to Covid-19.

In aggregate, the June 30, 2021 tax receivable for the City's largest tax debtors has decreased by \$27.2 million when contrasted with the first report presented to Council in December 31, 2000. This reduction in tax receivables reflects Revenue Services' improved internal collection processes, including regularly mailing overdue notifications and pro-active monitoring of delinquent accounts, a robust schedule of twice-annual tax sales, and actively assigning overdue accounts to bailiffs to further the City's internal collection efforts. Additionally, the Division has implemented recommendations from the Auditor General's report, [Item AU4.3: Improving Controls Over Property Tax Assessments and Payment in Lieu of Taxes \(PILTs\)](#), that have improved the collection of outstanding property tax receivables.

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.

## **CONTACT**

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## **SIGNATURE**

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Andrew Flynn  
Controller

## **ATTACHMENTS**

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Attachment 1: Properties with Tax Arrears Greater than \$500,000 Owned by a Corporation as at June 30, 2021

Attachment 2: Properties Removed from the Largest Debtor List since Last Report

Confidential Attachment 3 - Property Tax Arrears Greater than \$500,000 Owned by an Individual