

Largest Property Tax Debtors with Tax Arrears Greater than \$500,000 as at December 31, 2021

Date: March 30, 2022

To: General Government and Licensing Committee

From: Controller

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The confidential attachment (Attachment 4) to this report identifies four (4) 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 the information which would identify an individual without their consent.

SUMMARY

This report provides information on property tax accounts with outstanding receivables of \$500,000 or more as of December 31, 2021, and reports on the total outstanding tax receivables as at December 31, 2021. The total number of properties with outstanding receivable balances of \$500,000 or more is 26, including 22 owned by corporations and 4 owned by individuals as mentioned above. The number has decreased from what was reported as of December 30, 2020 (31 properties) and as of June 30, 2021 (30 properties). Further information on prior years can be found in Table 1 of the report.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council direct that the confidential information contained in Confidential Attachment 4 remain confidential in its entirety.

FINANCIAL IMPACT

The tax arrears identified in this report have been 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

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

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 minimal risk of uncollectible taxes. 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

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 22 properties owned by corporations with tax arrears of \$500,000 or more as at December 31, 2021. There are a total of 26 properties with a tax receivable balance of \$500,000 or more including four (4) owned by individuals (confidential attachment 4), totalling approximately \$43.3 million.

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

- Six (6) properties with approximately \$9.1 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 the next tax sale.
- 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. These properties are being considered for the next tax sale. Should this be unsuccessful, staff will determine appropriate next steps.
- Three (3) properties (600 Queens Plate Drive, 2267 Islington Avenue and 666 Burnhamthorpe Road) with approximately \$11.3 million in unpaid receivables, have been issued to the bailiff for collection and payment arrangements have been made. Two (2) properties (900 York Mills Road and 635-663 Markham Road) with approximately \$2.7 million in unpaid receivables have payment arrangements in place.
- One (1) property (Lisgar Street) with approximately \$1.2 million in unpaid receivables is expected to be paid following the sale of the adjacent land by the owner.
- One (1) property (1106 Dovercourt Road) with approximately \$0.5 million in unpaid receivables, is under investigation by the Revenue Services Division Collections Unit.
- One (1) property (97 Manville Road) with approximately \$2.8 million in unpaid receivables, has a Tax Arrears Certificate registered against the title of the property and is being considered for the next tax sale.
- Four (4) properties (480 University Avenue, 25 Glen Watford Drive, 17-43 Durnford Road and 2221 Yonge Street) with approximately \$4.7 million in unpaid receivables, have had substantial payments made in 2022. One (1) property (25 Glen Waterford

Drive) is currently subject to an application for a plan of subdivision which has been approved by Scarborough Community Council.

- Four (4) properties owned by individuals with approximately \$2.5 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 (350-358 Humber Drive, 1027 Yonge Street, Queens Wharf Road, 10 Neighbourhood Lane, 70 Queens Wharf Road, 1500 Birchmount Road, 225 Queens Quay West, 125 Commander Boulevard and 8 Trent Avenue), with a collective value of approximately \$7.1 million, that have been removed from the Largest Debtors list since the previous report (as at June 30, 2021). 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 December 31, 2000 to December 31, 2021.

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

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
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
2017	\$28.8 million	27
2018	\$25.7 million	21
2019	\$25.0 million	19
2020*	\$39.8 million	31
2021	\$43.3 million	26

*There was no Largest Debtor Report in April 2020 due to Covid-19.

In aggregate, the December 31, 2021 tax receivable for the City's largest tax debtors has decreased by \$26.5 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.

Taxes Receivable as at December 31, 2021

The City bills approximately \$6.68 billion in property taxes for municipal and school purposes each year, of which approximately \$4.59 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 in which 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 2020 the City of Toronto collected 95.6 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 Levy

Municipality	Tax Arrears as a percentage of current year levy				
	2016	2017	2018	2019	2020
London	2.1%	1.8%	1.9%	1.8%	2.7%
Toronto	2.2%	2.2%	2.1%	2.2%	4.4%
Sudbury (Greater)	2.5%	2.4%	2.4%	2.3%	2.5%
Thunder Bay	3.9%	3.2%	3.2%	4.0%	4.1%
Windsor	4.3%	4.2%	4.0%	4.2%	4.6%
Hamilton	4.3%	3.9%	4.1%	3.9%	3.6%

1. Source: Municipal Benchmarking Network Canada [2020 Taxation Performance Measurement Report](#)

Attachment 3 to this report identifies the outstanding tax receivables as at December 31, 2021 with comparable tax receivables for tax years 2017 to 2020 inclusive.

Total unpaid tax receivables as of December 31, 2021 were \$386.2 million, representing an overall decrease of \$84.6 million as compared to December 31, 2020.

Attachment 3 shows that the outstanding receivables for non-residential properties (commercial, industrial and multi-residential) decreased by \$31 million and residential properties decreased by \$53.6 million from December 2020 to December 2021. The decrease in outstanding receivables from 2020 to 2021 is attributed to a gradual recovery from the prolonged period of the COVID-19 pandemic and an upturn in economic activity, following a prolonged period of financial instability for businesses and residents as a result of the pandemic. This improving trend in the level of outstanding tax receivables is expected to continue into 2022 and 2023.

CONTACT

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SIGNATURE



Andrew Flynn
Controller

ATTACHMENTS

Attachment 1: Properties with Tax Arrears Greater than \$500,000 Owned by a Corporation as at December 31, 2021

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

Attachment 3: Summary of Outstanding Tax Receivables as at December 31, 2021 (unaudited) Compared to December 31 Tax Receivables for Years 2017 - 2020

Confidential Attachment 4 - Property Tax Arrears Greater than \$500,000 Owned by an Individual