

Largest Property Tax Debtors with Tax Arrears Greater than \$500,000 as at December 31, 2022

Date: April 04, 2023
To: General Government Committee
From: Controller
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The confidential attachment (Attachment 4) 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 without their consent.

SUMMARY

This report provides information on property tax accounts with outstanding receivables of \$500,000 or more as of December 31, 2022, and reports on the total outstanding tax receivables as at December 31, 2022. The total number of properties with outstanding receivable balances of \$500,000 or more is 26, including 23 owned by corporations and 3 owned by individuals as mentioned above. This number has stayed the same as the number reported as of December 31, 2021. Further information on prior years can be found in Table 2 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 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 uncollectable 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. In total there are twenty six (26) properties with a tax receivable balance of \$500,000 or more, totalling approximately \$39.9 million.

Three (3) properties are owned by individuals (confidential attachment 4), with approximately \$2.2 million in unpaid receivables. The remaining twenty three (23) properties are owned by corporations, with approximately \$37.7 million in outstanding receivables.

Of the commercially owned properties, eight (8) new properties have been added to the largest debtors list since the last report "[Largest Property Tax Debtors with Tax Arrears Greater than \\$500,000 as at December 31, 2021](#)". The remaining fifteen (15) properties were previously reported, and have had substantial payments made to reduce the balance of outstanding receivables by \$0.3 million.

A separate report, "Status of Outstanding Payments in Lieu of Tax Amounts for Federal, Provincial and Municipal Properties", provides information on the status of payments in lieu of taxes (PILTs) requested from federal, provincial and municipal properties and identifies PILT payments from all levels of government that remain outstanding, will be reported separately in Q3 of 2023.

Full commentary on collection efforts can be found in attachment 1 and confidential attachment 4 to this report. A summary of the twenty three (23) commercially owned properties (attachment 1) is included in Table 1.

Table 1: Properties with Tax Arrears Greater than \$500,000 Owned by a Corporation as at December 31, 2022

Year Added	Address	Outstanding Taxes	Change from Last Report
2000	99 Toryork Drive	\$5,950,930	\$408,229
2006	222 Spadina Avenue, Unit 19	\$2,248,466	\$122,398

Year Added	Address	Outstanding Taxes	Change from Last Report
2006	222 Spadina Avenue, Units 23 - 25	\$2,464,007	\$154,223
2006	222 Spadina Avenue, Units 1 - 6	\$2,144,366	\$146,489
2011	222 Spadina Avenue, Units 20 - 22	\$1,160,880	\$72,465
2013	0 Lake Shore Boulevard West S/S	\$1,222,713	\$63,765
2015	2627 Eglinton Avenue East	\$990,850	\$77,800
2015	440 Birchmount Road	\$960,975	\$59,691
2015	222 Spadina Avenue, LL	\$895,407	\$62,285
2016	222 Spadina Avenue, Unit 215	\$744,680	\$37,586
2017	25 Glen Watford Drive	\$835,115	-\$674,679
2019	600 Queens Plate Drive	\$8,689,644	-\$900,411
2020	2267 Islington Avenue	\$1,129,690	-\$15,244
2020	900 York Mills Road	\$2,208,583	-\$5,400
2021	635-663 Markham Road	\$591,669	\$87,529
2022	1814 Jane St	\$532,401	n/a
2022	2 Strachan Ave	\$1,178,700	n/a
2022	2161-2165 Lake Shore Blvd W	\$520,949	n/a
2022	265 Front St E	\$511,389	n/a
2022	475 Front St E	\$694,004	n/a
2022	9 Queens Quay E	\$579,714	n/a
2022	50 Gervais Dr	\$723,283	n/a
2022	355 King St W	\$722,098	n/a
TOTAL		\$37,700,512	-\$303,273

Properties removed from the Largest Debtors List since December 31, 2021

A total of eight (8) properties have been removed from the largest debtors list, with a collective value of approximately \$8.8 million. Attachment 2 to this report identifies seven (7) properties (97 Manville Road, 480 University Avenue, Lisgar Street, 17-43 Durnford Road, 666 Burnhamthorpe Road, 2221 Yonge Street, and 1106 Dovercourt Road) with a collective value of approximately \$8.3 million, that have been removed from the Largest Debtors list since the previous report (as at December 31, 2021). One (1) property owned by an individual has been removed from the list, with a value of \$0.5 million. The property taxes on these properties have been paid in full, or have balances less than \$500,000 and postdated cheques have been submitted that will clear the remaining balances.

Table 2 below compares the outstanding tax receivables associated with the largest debtors from December 31, 2000 to December 31, 2022.

Table 2: Tax Debtors Greater than \$500,000 - 2000 to 2022

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
2022	\$39.9 million	26

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

In aggregate, the December 31, 2022 tax receivable for the City's largest tax debtors has decreased by \$29.9 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, 2022

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.

Attachment 3 to this report identifies the outstanding tax receivables as at December 31, 2022 with comparable tax receivables for tax years 2018 to 2022 inclusive.

Total unpaid tax receivables as of December 31, 2022 were \$340.6 million, which represents a decrease of \$45.6 million as compared to December 31, 2021.

Attachment 3 shows that the outstanding receivables for non-residential properties (commercial, industrial and multi-residential) decreased by \$22.7 million and residential properties decreased by \$22.9 million from December 2021 to December 2022. The decrease in outstanding receivables from 2021 to 2022 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.

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, 2022

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

Attachment 3: Summary of Outstanding Tax Receivables as at December 31, 2022 (unaudited) Compared to December 31 Tax Receivables for Years 2018 - 2021

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