

Largest Property Tax Debtors with Tax Arrears Greater than \$500,000 as at December 31, 2023

Date: May 15, 2024

To: General Government Committee

From: Interim Controller

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

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 without their consent.

SUMMARY

This report provides information on property tax accounts with outstanding receivables of \$500,000 or more as of December 31, 2023, and reports on the total outstanding tax receivables as at December 31, 2023. The total number of properties with outstanding receivable balances of \$500,000 or more is 29, including 26 owned by corporations and 3 owned by individuals as mentioned above. When compared to what was reported as of June 30, 2023, the total number of properties with receivables of \$500,000 or more has increased. Further information on prior years can be found in Table 2 of the report.

RECOMMENDATIONS

The Interim Controller recommends that:

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

In total there are twenty nine (29) properties with a tax receivable balance of \$500,000 or more, totalling approximately \$45.6 million.

Three (3) properties are owned by individuals (confidential attachment 3), with approximately \$2.3 million in unpaid receivables. The remaining twenty six (26) properties are owned by corporations, with approximately \$43.3 million in outstanding receivables.

Of the commercially owned properties, six (6) 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 June 30, 2023](#)". The remaining twenty (20) properties were previously reported, and although there have been payments made the balance of outstanding receivables has increased by \$8.7 million.

Full commentary on collection efforts can be found in attachment 1 and confidential attachment 3 to this report. A summary of the twenty six (26) 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, 2023

Year Added	Address	Outstanding Taxes	Change from Last Report
2000	99 Toryork Drive	\$6,351,012	\$207,604
2006	222 Spadina Avenue, Units 23 - 25	\$2,624,032	\$82,123
2006	222 Spadina Avenue, Unit 19	\$2,373,721	\$63,729
2006	222 Spadina Avenue, Units 1 - 6	\$2,297,112	\$78,644
2011	222 Spadina Avenue, Units 20 - 22	\$1,235,060	\$37,695
2013	0 Lake Shore Boulevard West S/S	\$1,286,480	\$31,884
2015	2627 Eglinton Avenue East	\$1,085,128	\$58,474
2015	440 Birchmount Road	\$1,021,835	\$30,780

Year Added	Address	Outstanding Taxes	Change from Last Report
2015	222 Spadina Avenue, LL	\$959,904	\$33,119
2016	222 Spadina Avenue, Unit 215	\$782,543	\$19,118
2017	25 Glen Watford Drive	\$1,039,319	\$48,591
2019	600 Queens Plate Drive	\$10,235,270	\$1,859,607
2020	2267 Islington Avenue	\$1,655,474	\$308,505
2022	50 Gervais Drive	\$1,164,752	\$232,327
2022	1500 Birchmount Road	\$1,098,942	\$516,248
2022	1814 Jane Street	\$649,868	\$64,014
2023	95-105 Moatfield Drive	\$1,562,905	\$840,500
2023	55 Town Centre Court	\$1,020,573	\$434,064
2023	1460 The Queensway	\$893,740	\$334,016
2023	100 Tisdale Avenue	\$611,952	\$79,241
2023	48 Lowe's Place	\$746,345	n/a
2023	2848-2900 Ellesmere Road	\$547,578	n/a
2023	55 Dundas Street East	\$546,742	n/a
2023	666 Burnhamthorpe Road	\$522,079	n/a
2023	51 St Regis Crescent	\$505,006	n/a
2023	3295 Yonge St	\$503,078	n/a
TOTAL		\$43,320,447	\$8,731,113

Properties removed from the Largest Debtors List since June 30, 2023

A total of one (1) property owned by an individual, with a value of \$0.7 million has been removed from the largest debtors list since the previous report (as at June 30, 2023). This property now has a property tax balance less than \$500,000.

Table 2 below compares the outstanding tax receivables associated with the largest debtors from December 31, 2000 to December 31, 2023.

Table 2: Tax Debtors Greater than \$500,000 - 2000 to 2023

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

As of December 31	Outstanding Tax Account Receivables	Number of Accounts
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
2023	\$45.6 million	29

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

In aggregate, the December 31, 2023 tax receivable for the City's largest tax debtors has decreased by \$24.2 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.

While overall the tax receivables for the largest tax debtors have improved since 2000, the last four years have shown an increase as a result of the slow upturn in the economy, following a prolonged period of financial instability for businesses and residents.

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, 2023

The City billed approximately \$7.35 billion in property taxes for municipal and school purposes for 2023, of which approximately \$5.22 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 2 to this report identifies the outstanding tax receivables as at December 31, 2023 with comparable tax receivables for tax years 2019 to 2023 inclusive.

Total unpaid tax receivables as of December 31, 2023 were \$392.7 million, which represents an increase of \$52.1 million as compared to December 31, 2022.

Attachment 2 shows that the outstanding receivables for non-residential properties (commercial, industrial and multi-residential) increased by \$19.1 million and residential properties increased by \$33.0 million from December 2022 to December 2023. The increase in outstanding receivables seen from 2020 to 2023 is attributed to the slow recovery of the economy, following a prolonged period of financial instability for businesses and residents.

CONTACT

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SIGNATURE

David McIsaac
Interim Controller

ATTACHMENTS

Attachment 1: Properties with Tax Arrears Greater than \$500,000 Owned by a Corporation as at December 31, 2023

Attachment 2: Summary of Outstanding Tax Receivables as at December 31, 2023 (unaudited) Compared to December 31 Tax Receivables for Years 2019 - 2023

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