

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT *Treasury Services* *Taxation Division*

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: Wards 3 and 10
COMMITTEE DATE: October 5, 2011	
SUBJECT/REPORT NO: Treasurer's Write-Off of Taxes Under Section 354 of the Municipal Act, 2011 (FCS11085) (Wards 3 and 10)	
SUBMITTED BY: Antonio D. Tollis Treasurer Corporate Services Department	PREPARED BY: Larry Friday, ext. 2425
SIGNATURE:	

RECOMMENDATION

- (a) That the Treasurer, under Section 354(4) (b) of the Municipal Act (2001), write off taxes as uncollectible on two properties known as 0 Orr Crescent and one property known as O Adriatic Boulevard (Tax Roll Numbers 003.310.59201, 59250 and 75065) (Ward 10) in the amount of \$35,591, as set out in Appendix A to report FCS11085, as conducting a tax sale would not be ineffective and not in the best interest of the municipality;
- (b) That the Treasurer, under Section 354(3) of the Municipal Act (2001), write-off taxes as uncollectible due to a failed tax sale on two properties known as 0 Douglas Street (Tax Roll Number 030.221.09220 and 09210) (Ward 3) in the amount of \$48,934, as set out in Appendix B to report FCS11085.

EXECUTIVE SUMMARY

Section 354(4) (b) allows Council to write-off taxes, as uncollectible, if the recommendation of the Treasurer includes a written explanation of why conducting a tax sale would be ineffective or inappropriate.

Section 354(3) of the Municipal Act, 2001 allows Council to write-off taxes as uncollectible, upon the recommendation of the Treasurer, after a failed tax sale.

Alternatives for Consideration – See Page 4

The properties on Orr Crescent and Adriatic Boulevard could proceed to tax sale.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: Total taxes to be written off are \$84,525 of which \$22,446 would be charged back to the various Boards of Education, while \$31,248 would be charged to HAMTN 12040 000100 (Tax Write-offs) and \$30,831 would be charged to HAMTN 52167-252009 (Penalty and Interest).

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

The taxes to be written off under Section 354(4) (b) in recommendation (a) are three parcels of unbuildable land. The two parcels on Orr Crescent are conservation lands and have been deemed so by the Ministry of Natural Resources in 2009. The property at 0 Adriatic Boulevard has been deemed as an unbuildable lot. This has been confirmed by the Planning Department, Development Section and the Municipal Property Assessment Corporation has agreed and will be adjusting the 2012 assessment going forward with a 90% reduction to the value.

All three lots are remnant pieces of the development in the area and have been in tax arrears since 2005 when they were created. Refer to Appendix "C" of report FCS11085 for a map of the 3 properties. In discussions with the developer, over the tax arrears, they pursued exemptions in late 2008 to have all three properties deemed as conservation lands. One parcel has been given full exempt assessment status while the other parcel was granted 97% exempt status. The third parcel on Adriatic Boulevard was

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denied conservation status but has been given a 90% value reduction due to the property being unbuildable.

In discussions with the developer, they have agreed to pay the adjusted 2005 to 2011 taxes on the three properties based on values that would have been in place had they been properly assessed from 2005, which is \$3,114. They have also agreed to cover the City's adjusted penalties and interest and administrative costs in the amount of \$1,886, for a total payment of \$5,000. In addition they have agreed to retain ownership of the three properties and any liabilities associated with that. It is the Treasurer's recommendation that we accept this payment and write-off the taxes based on the adjusted values provided by MPAC. As these non-developable properties would not sell at a tax sale, it is in the city's best interest to accept the payment, remove the balance outstanding and keep the ownership with the developer.

The two properties known as 0 Douglas Street, in recommendation (b) failed to sell at tax sale on October 5, 2010. These two properties were originally created in 2006, when a former railway spur line was sold to a numbered company. When that company could not develop or split it up for sale to the adjoining owners, they simply walked away from the two properties. Over the years, the two properties have become dumping grounds with the City spending over \$12,000 in property standards on clean-up charges.

The property on the west side is being looked at as a potential to set up a community garden for the Keith Neighbourhood. The property on the east side backs onto a new town house development taking place on a former Brownfield site at 127 Burton. Refer to Appendix "D" to report FCS11085 for a map of the 2 properties. The developer of that site is in negotiations with the Real Estate Division to take ownership of this piece to enhance his townhouse development with a play area for the residents of the town homes.

POLICY IMPLICATIONS

Municipal Act (2001), Part XI, Section 354

RELEVANT CONSULTATION

Real Estate Division, Planning and Economic Development Department
Development Planning, Planning and Economic Development Department
Municipal Property Assessment Corporation

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

Section 354(4) (b) is the only recourse available to the City to remove the taxes on the three properties on Orr Crescent and Adriatic Boulevard, without going to tax sale. As these properties cannot be developed, there would be no hope of recovering the taxes that have accumulated to date. By working with the developer and having corrected values and taxes now on these pieces, the developer will pay the fair amount for the outstanding taxes and pay the taxes and maintain the properties going forward.

As the two properties on Douglas Street are now City owned, due to a failed tax sale of those two parcels, writing off the taxes, removes uncollectible taxes from our books and allows us the authority to recover back the education portions from the various school boards. This will also assist Real Estate in the potential transfer of the east side property to the developer of the town home's project.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Proceeding to tax sale on the three properties on Orr Crescent and Adriatic Boulevard would lead to a greater write-off of taxes upon a failed tax sale due to any taxes that accumulate between now and then and the loss of the \$5,000 settlement proposal. It would then be highly unlikely that the current owners would continue to maintain the properties and pay the taxes going forward. There would be no Legal, Staffing or Policy implications if we were to proceed to tax sale.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- ♦ Financially Sustainable City by 2020

APPENDICES / SCHEDULES

Appendix A to Report FCS11085 – Tax Breakdown on 0 Orr Crescent & 0 Adriatic Boulevard

Appendix B to Report FCS11085 – Tax Breakdown on 0 Douglas Street.

Appendix C to Report FCS11085– Map to identify the location of the 3 properties for 0 Orr Crescent and 0 Adriatic Boulevard.

Appendix D to Report FCS11085 – Map to identify the location of the 2 properties for 0 Douglas Street.

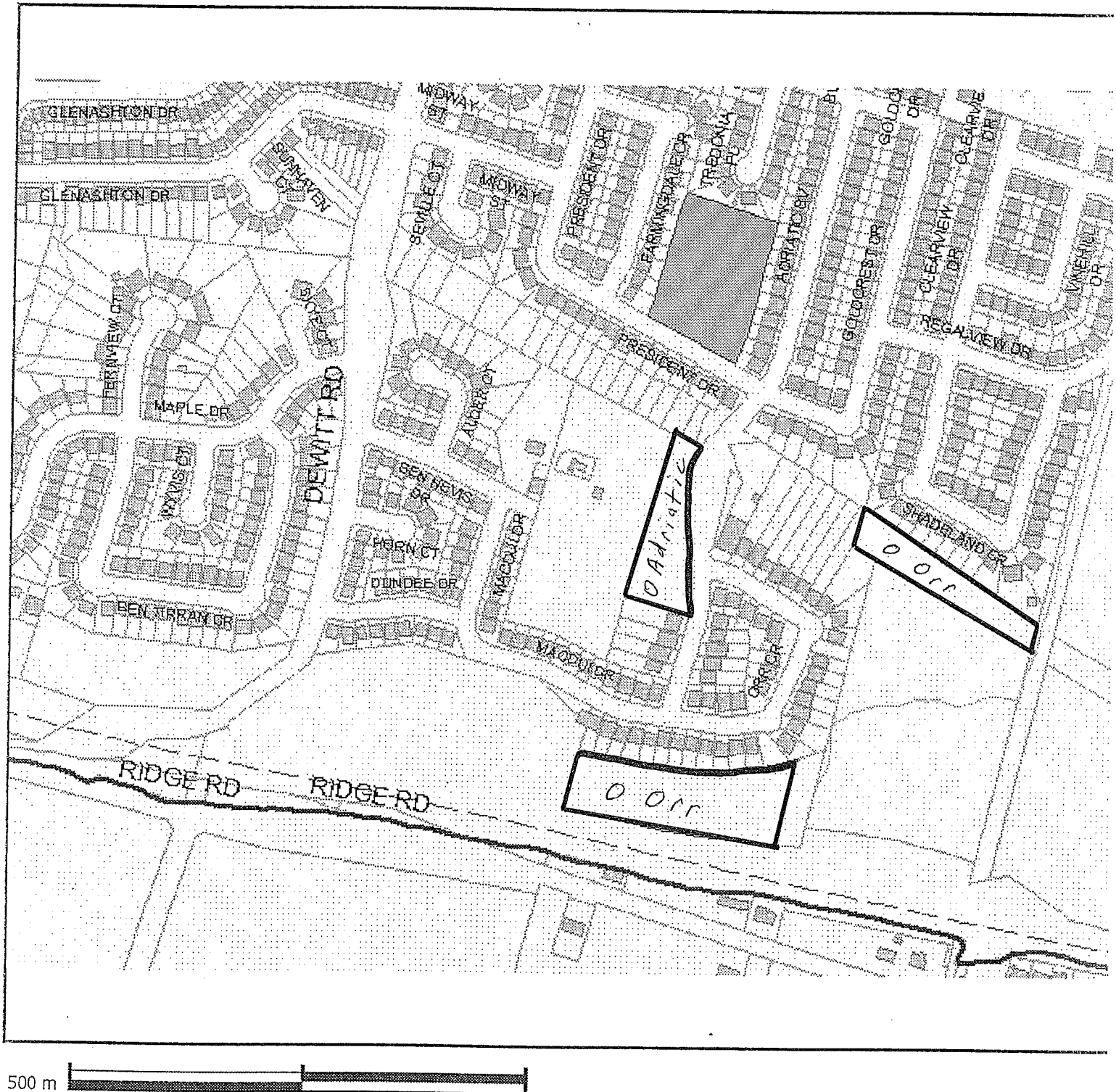
CITY OF HAMILTON
BREAKDOWN OF CURRENT & REVISED TAXES LEVIED
FOR O ORR CRESCENT & O ADRIATIC BOULEVARD

	Tax	P&I	Other	Total Outstanding	Revised Taxes
<u>003.310.75065.0000</u>					
2005	3,346.97	2,890.05	-	6,237.02	334.70
2006	3,378.92	2,416.38	5.00	5,800.30	337.89
2007	3,491.06	1,969.74	5.00	5,465.80	349.11
2008	3,578.49	1,482.10	5.00	5,065.59	357.85
2009	3,616.42	1,169.74	902.50	5,688.66	413.11
2010	3,683.51	541.86	-	4,225.37	400.23
2011	3,766.79	111.36	-	3,878.15	390.24
	<u>24,862.16</u>	<u>10,581.23</u>	<u>917.50</u>	<u>36,360.89</u>	<u>2,583.12</u>
<u>003.310.59201.0000</u>					
2005	2,339.78	2,020.46	-	4,360.24	78.15
2006	2,082.51	1,498.35	5.00	3,585.86	69.56
2007	2,151.64	1,215.17	5.00	3,371.81	71.86
2008	2,205.52	914.44	5.00	3,124.96	73.66
2009	76.73	330.06	797.35	1,204.14	76.73
2010	78.96	11.57	-	90.53	78.96
2011	81.48	2.38	-	83.86	81.49
	<u>9,016.62</u>	<u>5,992.43</u>	<u>812.35</u>	<u>15,821.40</u>	<u>530.41</u>
<u>003.310.59250.0000</u>					
2005	1,286.10	1,110.60	-	2,396.70	-
2006	1,144.69	825.21	5.00	1,974.90	-
2007	1,182.69	669.21	5.00	1,856.90	-
2008	1,212.30	503.35	5.00	1,720.65	-
2009	-	198.81	902.50	1,101.31	-
2010	-	-	-	-	-
2011	-	-	-	-	-
	<u>4,825.78</u>	<u>3,307.18</u>	<u>917.50</u>	<u>9,050.46</u>	<u>-</u>
Totals	<u>38,704.56</u>	<u>19,880.84</u>	<u>2,647.35</u>	<u>61,232.75</u>	<u>3,113.53</u>

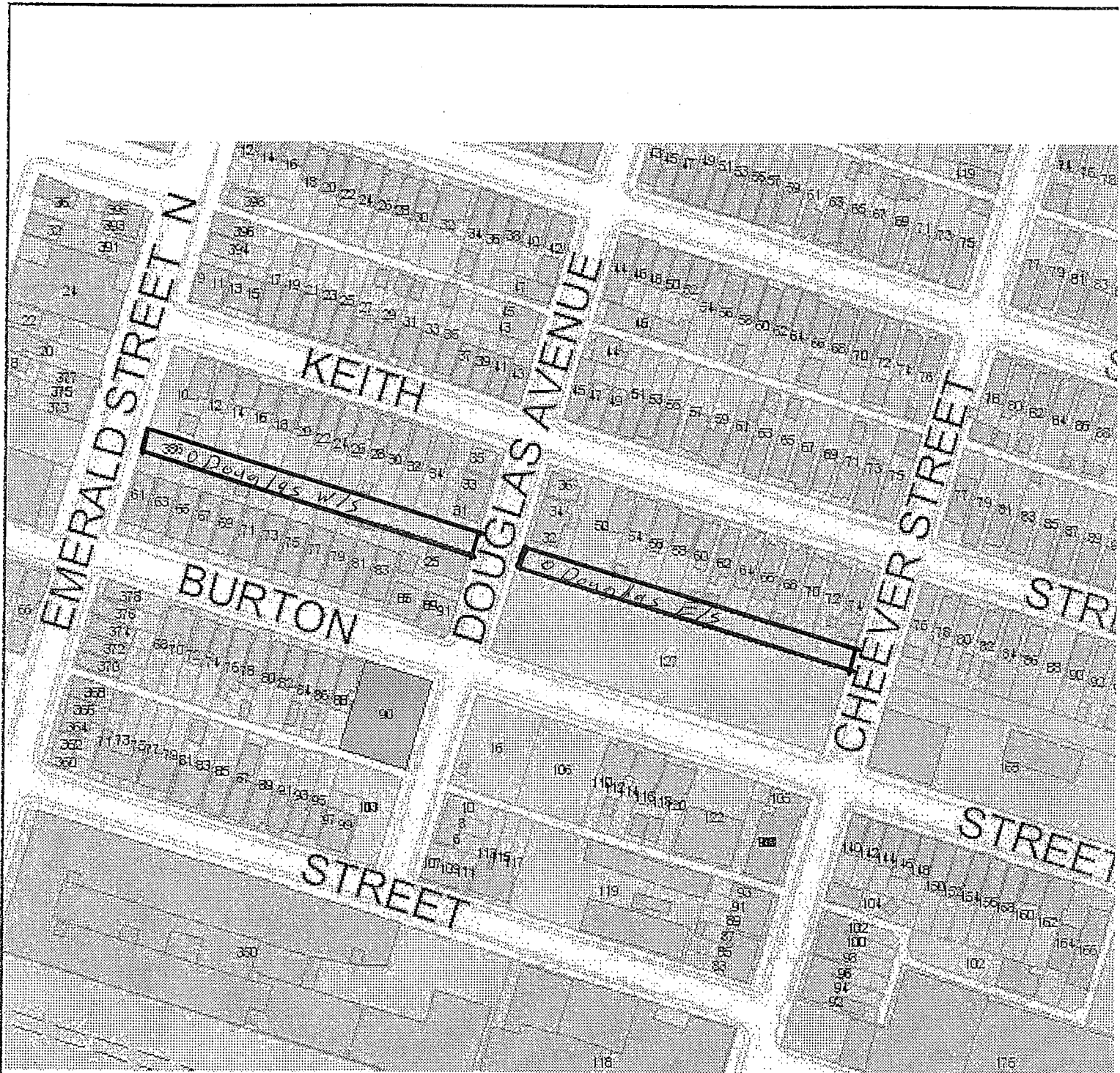
CITY OF HAMILTON
ANALYSIS OF TAXES OWED FOR 0 DOUGLAS STREET PROPERTIES
AS AT AUGUST 31, 2011

FULL WRITE-OFF BREAKDOWN					WRITE-OFF BREAKDOWN TAX LEVY ONLY	
	Tax	P&I	Other	Total	Education	Municipal
030.221.09220.0000						
2006	2,022.47	1,387.14	5.00	3,414.61	626.98	1,395.49
2007	2,229.08	1,165.56	5.00	3,399.64	626.98	1,602.10
2008	2,260.51	847.22	5.00	3,112.73	625.67	1,634.84
2009	2,540.07	781.37	900.00	4,221.44	694.03	1,846.04
2010	2,001.85	451.99	2,847.60	5,301.44	538.45	1,463.40
2011	-	13.18	-	13.18	-	-
	11,053.98	4,646.46	3,762.60	19,463.04	3,112.11	7,941.87
030.221.09210.0000						
2006	2,022.47	2,563.87	1,804.70	6,391.04	626.98	1,395.49
2007	2,229.08	2,044.87	1,755.00	6,028.95	626.98	1,602.10
2008	2,260.51	2,423.50	4,591.40	9,275.41	625.67	1,634.84
2009	2,540.07	781.37	900.00	4,221.44	694.03	1,846.04
2010	2,001.85	363.63	1,175.00	3,540.48	538.45	1,463.40
2011	-	13.18	-	13.18	-	-
	11,053.98	8,190.42	10,226.10	29,470.50	3,112.11	7,941.87
Total Taxes owed	22,107.96	12,836.88	13,988.70	48,933.54	6,224.22	15,883.74

Location Map of 0 Orr Crescent and 0 Adriatic Boulevard



Location Map of 0 Douglas Street



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