



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 20, 2016
SUBJECT/REPORT NO:	Treasurer's Write-Off of Taxes under Section 354(3) of the <i>Municipal Act, (2001)</i> (FCS16040) (Wards 3, 12 and 13)
WARD(S) AFFECTED:	Wards 3, 12 and 13
PREPARED BY:	Larry Friday (905) 546-2424 Ext. 2425
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That approval be given to write-off taxes of \$3,479.97 for 0 South Drive (Ward 13) as a result of a failed tax sale of the property;
- (b) That approval be given to write-off taxes of \$4,848.84 for 0 Tollgate Drive (Ward 12) as a result of a failed tax sale of the property;
- (c) That approval be given to write-off taxes up to \$44,129.33 for 411 Wilson Street (Ward 3) as a result of a failed tax sale of the property.

EXECUTIVE SUMMARY

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. 0 South Drive and 0 Tollgate Drive are all small remnant parcels of land with no development potential. 411 Wilson Street is a vacant parcel of land with some development potential. All three parcels are now vested over to the City through the tax sale process. The lands on South Drive and Tollgate Drive are now incorporated with lands the City already owned in those areas. 411 Wilson is currently being marketed to be sold by the Real Estate Section, Economic Development Division, Planning and Economic Development Department.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Taxes to be written off total \$52,458.14. The municipal tax portion is \$25,464.02 to be charged to HAMTN 12040-000100 (Tax Write-offs). The amount to be recovered from the English Public School Board is \$814.60 to be charged to HAMTN 12041-0001000. Penalty and Interest to be written off is \$17,767.45 charged to HAMTN 52167-252009. Reminder Notice fee's to be written off total \$134.66 charged to HAMTN 45411-340211. Tax registration fees to be written off total \$6,759.20 charged to HAMTN 47228-340310. Water Arrears to be written off are \$576.43 charged to HAMTN 12643-000100 and sewer arrears of \$576.43 charged to HAMTN 12642-000100. Water administration fees to be written off are \$366.15 charged to HAMTN 41227-340211.

Staffing: None

Legal: None

HISTORICAL BACKGROUND

0 South Drive is a small triangular piece of property in Dundas located in an area that requires 10 acres minimum, on which to be able to build a home. Please refer to Appendix "A" attached to Report FCS16040 for the exact location. This property is surrounded by parcels of land already owned by the City. The property was advertised for tax sale in May 2014, for the tax arrears owing of \$3,479.97. The property has been vested over to the City by the tax sale process and will be consolidated with the parcels we already own. Formal Council approval is required to remove the outstanding taxes from our books and to charge back the English Public School Board for their share of this write-off, which amounts to \$86.83.

0 Tollgate Drive is a parcel of land that, at the time of development, was supposed to be transferred over to the Grand River Conservation Authority (GRCA). It is located in the area of Hamilton Drive and Highway 403. Please refer to Appendix "B" attached to Report FCS16040 for the exact location. The property was advertised for tax sale in February 2015 for the tax arrears owing of \$4,848.84. The City Parks Division and the GRCA were in negotiations over other lands that were being transferred to the City, for which this parcel would have been included, had the proper transfer been done at the subdivision approval stage. This parcel has now been vested to the City through the failed tax sale process, and formal Council approval is required to remove the outstanding taxes from our books and charge back the English Public School Board for their share of this write-off, which amounts to \$314.70.

411 Wilson Street in Hamilton is currently a vacant parcel of land that the City has spent significant funds on for property standards issues and eventual demolition of the home. Please refer to Appendix "C" to Report FCS16040 for the exact location. The owners of

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the property had vacated the property due to the increasing property standards and taxes outstanding. The site continues to be a problem with illegal dumping and complaints over grass and weeds. The property was advertised for tax sale in May 2015 for the tax arrears owing of \$44,878.98, currently sitting at \$50,129.33. As there were no bidders for that value at the tax sale, the property failed to sell. City Real Estate have now taken title to the property and currently are marketing the property for sale to recover as much of the funds spent as possible, and to get a responsible owner to maintain the site and re-build a home which will increase the value and the taxes for the site.

The Real Estate Section has received an unsolicited bid of \$9,000 for the property, but given that real estate values have been increasing, they feel they can better this on the open market. In order to then expedite a closing as soon as possible, approval is required to allow for the removal of up to \$44,129.33. Of the amount to be written off, \$2,306.12 is taxes and \$21,212.70 is property standards, \$413.07 will be charged back to the English Public School Board, \$1,519.01 will be charged back to water and sewer, \$2,284.80 is tax registration fees and \$17,912.64 is penalties and interest. These amounts will be lowered should the property sell for more than \$9,000, less Real Estate and Legal fees on closing.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipal Act, (2001), Part XI, Section 354.

RELEVANT CONSULTATION

Real Estate Section, Economic Development Division, Planning and Economic Development Department.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

0 Tollgate and 0 South are now under City ownership and, as such, the taxes should be removed from our outstanding receivables and taxes paid to the English Public School Board recovered as their share of the write-off.

The sale of the property at 411 Wilson for fair market value, allows the City to recover a portion of the taxes and charges applied to this property. Writing off the left over tax arrears will allow for the sale of the property and will spur development of a new house on a vacant lot, thereby increasing the tax base. The City will also no longer be responsible for any maintenance or liability associated with an empty lot.

ALTERNATIVES FOR CONSIDERATION

Not applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Location Map – 0 South Drive

Appendix “B” – Location Map - 0 Tollgate Drive

Appendix “C” – Location Map - 411 Wilson Street

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