

**CITY OF HAMILTON**

**CORPORATE SERVICES  
Taxation Division**

<b>Report to:</b> Mayor and Members Committee of the Whole	<b>Submitted by:</b> Peter A. Barkwell Acting General Manager Finance and Corporate Services
<b>Date:</b> July 10, 2008	<b>Prepared by:</b> Larry Friday ext. 2425

**SUBJECT: Treasurer's Write-off of Taxes under Section 354 of the Municipal Act, 2001 (FCS08063) (Wards 2 & 14)**

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**RECOMMENDATION:**

- a) That the Treasurer, under Section 354 (3) of the Municipal Act (2001), write-off taxes as uncollectible due to a failed tax sale on 216 Burlington Street East (Ward 2), in the amount of \$24,645.72; and
- b) That the Treasurer, under Section 354 (4) (b) of the Municipal Act (2001), write off taxes as uncollectible on 1 Gavin Avenue (Ward 14) in the amount of \$501.04 as conducting a tax sale would be inappropriate.

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Peter A. Barkwell  
Acting General Manager  
Finance and Corporate Services

**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.

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.

**BACKGROUND:**

The property at 216 Burlington Street East was offered for tax sale in November, 2006, at which time, no bids were received on the property. The property is a vacant piece of land with significant tax arrears on it, due to taxes and demolition costs on the former house, by the Property Standards Division. Due to these costs, the arrears were far greater than the land value. In November, 2006, after the failed tax sale, the property was vested in the name of the City, and the assessment class converted to exempt.

On June 20, 2008, the Real Estate Division sold the property under their Procedural By-Law 04-299, for the highest bid of \$15,000.00. After Real Estate's costs were removed, the balance of the sale price in the amount of \$12,134.28 was applied to the outstanding taxes. In order to remove the remaining uncollectible taxes in the amount of \$24,645.72, the Treasurer is now seeking approval of City Council per Section 354 (3) of the Municipal Act, 2001.

The property at 1 Gavin Avenue is also a vacant piece of property. In discussions with the Planning Division, it was deemed that this piece of property should have never been created during the subdivision process. Upon development of the properties on Gavin Avenue and Noble Kirk Drive in 2003, this piece of property should have been incorporated into the property at 11 Noble Kirk. The current owners of 11 Noble Kirk were unaware that this piece of property was never transferred to them or the former owners back in 2003. The Municipal Property Assessment Corporation has adjusted the value on this property to \$3,000 and that value will be added to the value of 11 Noble Kirk. The lawyer for the current owners has now transferred over the title and had the properties consolidated as one. As the current owners have owned from June 1, 2005, they have agreed to pay the back taxes from that date. It is, therefore, now recommended that the taxes from January 1, 2003, until May 31, 2005, be written off as uncollectible in the amount of \$501.04.

**ANALYSIS/RATIONALE:**

All means to collect the outstanding taxes have now been exhausted for 216 Burlington Street East. A new owner has purchased the property from the City and a new home, with increased assessment and taxes, will be constructed on the site.

A fair compromise to pay the taxes has been negotiated with the new owners of 1 Gavin Avenue. It would be inappropriate to track down the prior owners to attempt to collect taxes on a piece of property they were unaware was a separate piece from the parcel they originally purchased in 2003 and later sold in 2005.

**ALTERNATIVES FOR CONSIDERATION:**

None.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

The taxes that will be written-off for 216 Burlington Street East under Section 354 (3), total \$24,645.72; of which \$1,067.62 will be applied to HAMTN 12643.000100 (Water Rate Budget), \$1,067.63 to HAMTN 12642.000100 (Sewer Rate Budget), \$1,153.82 to the English Public School Board, \$9,379.86 to HAMTN 52167.252009 (Penalty and Interest) and \$11,976.79 to HAMTN 12040.000100 (Tax Write-offs). A new home assessed at \$100,000 would add increased taxes of \$1,380 per year.

The taxes that will be written off for 1 Gavin Avenue under Section 354 (4) (b), total \$501.04; of which \$111.18 will be charged back to the English Public School Board and \$389.86 to HAMTN 12040.000100 (Tax Write-Offs).

**POLICIES AFFECTING PROPOSAL:**

Municipal Act (2001), Part XI, Section 354.  
Procedural By-Law 04-299 for the sale of Lands.

**RELEVANT CONSULTATION:**

Real Estate, Planning and Legal Services.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “**Triple Bottom Line**”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

**Community Well-Being is enhanced.**  Yes  No

A new home will be built on a vacant piece of land increasing the assessment base and tax base.

**Environmental Well-Being is enhanced.**  Yes  No

**Economic Well-Being is enhanced.**  Yes  No

Uncollectible taxes will be removed from the City books while a new home, assessment and taxes will be created. City will no longer be responsible for maintaining and insuring a property.

**Does the option you are recommending create value across all three bottom lines?**

Yes  No

**Do the options you are recommending make Hamilton a City of choice for high performance public servants?**

Yes  No