

**TAX SALE – TWO PROPERTIES
WARD 4**

Recommendation

The Commissioner of Finance & City Treasurer, the Commissioner of Legal and Administrative Services & City Solicitor and the Director of Financial Services in consultation with the Manager of Property Tax & Assessment recommends:

That Council receive this report for information.

Contribution to Sustainability

This is not applicable to this report.

Economic Impact

The efficient collection of outstanding property taxes provides a positive economic impact to the City. Any unpaid taxes become the responsibility of the City although funds are still required to meet financial obligations to the Region of York and the Province of Ontario for education purposes.

Communications Plan

As required by the *Municipal Act, 2001* and the Municipal Tax Sales Rules, O.Reg.181/03 as amended, the properties will be advertised as “Sale of Land for Tax Arrears By Public Tender” in *The Ontario Gazette* on May 19th, 2012 as well as once a week for four weeks starting May 24th, 2012 in local newspapers.

Purpose

Further to Council being informed of the upcoming commencement of the tax sale process for the two properties listed in this report at the meeting held on December 1, 2009, the purpose of this report is to advise Council that Finance staff are proceeding with two (2) property tax sales in accordance with the *Municipal Act, 2001*.

Background - Analysis and Options

There following are two (2) properties within the City of Vaughan that remain in tax arrears in excess of three (3) years:

- 1) PIN # 03343-1860 (LT)
Legal Description: Pt Lt 24 Conc 3 Vaughan Pt 1, 64R3035;
Vaughan, Regional Municipality of York (No.65)
Assessed Owner: 2085061 Ontario Inc c/o SF Partners Inc
Roll Number: 1928 000 214 64500

** waste transfer site

- 2) PIN #03343-0323 (LT)
Legal Description: Pt Lt 24 Conc 3 Vaughan as in R262588;
Vaughan, Regional Municipality of York (No.65)
Assessed Owner: 2020699 Ontario Inc c/o SF Partners Inc
Roll Number: 1928 000 214 65000

** waste transfer site

The tax sale process is commenced under the authority of Part XI of the *Municipal Act, 2001*, for properties in all classes that have tax arrears in excess of three years. Staff utilize the tax sale process as part of an ongoing collection effort.

Staff, through various collection efforts, receives satisfactory payment plans or full payment on most property tax accounts with arrears; however, the listed properties had been identified in December 2009 as being eligible for registration of a tax arrears certificate, which is the first step in the tax sale process.

Once a tax arrears certificate is registered on title, the property owner has one (1) year to pay the tax account in full. Failing that, the owner, the spouse, a mortgagee or a tenant occupying the land may enter into an extension agreement with the City. An extension agreement allows additional time for payment of the property tax arrears. If payment in full or a satisfactory extension agreement is not processed during the 1-year period, the City is in a position to proceed with a tax sale to recover outstanding property taxes, late payment charges and costs incurred relating to the tax sale process.

10525 & 10533 Keele Street are the address of a privately owned waste transfer station. In 1994 a Certificate of Approval (C of A) was issued by the Ministry of the Environment (MOE) to Rail Cycle Inc. to operate the site as a Waste Disposal Site (Processing/Transfer). In the Fall of 2004, two significant fires occurred on the site, and as a result, the MOE suspended the C of A for the site. In March 2006, following significant clean-up, the MOE reinstated the C of A to the Waste Excellence Corporation (WEC). As a result of the fire response the City incurred significant costs in the amount of \$854,190. the repayment of which was imposed as a condition of Site Plan Approval, and secured by Promissory Notes payable in four equal installments. The first two cheques were successfully processed (2006 & 2007) however in 2008 the City learned that the account on which the cheques were written had been closed out, and the secured creditors of WEC, Starnino Holdings Limited, Brovi Investments Limited, Romeo Di Battista Sr., and R. Di Battista Investments Inc. made an Application to put the property into Receivership.

In January 2011, the City was notified that MOE had received a request to transfer the C of A from WEC to a numbered company. The City objected strenuously to transfer of the C of A on the basis that historic operations at the site have had a significant negative impact on the City and on the residents living near the site, and that transfer of the C of A would remove any opportunity for the City to obtain reimbursement of the outstanding costs, which along with unpaid taxes, then totaled \$780,000.

In December 2010 the City registered Certificates of Tax Arrears against the properties. Following the expiry of one year the City together with the MOE brought a motion for leave of the Court from the provisions of the Receivership Order to commence the tax sale of the property. On November 30, 2011 the Court granted leave to the City to commence tax sale proceedings. The MOE also has a priority lien against the property for their outstanding costs, which amounts to over \$1.2 M. Under the legislation, the MOE debt is collectible through the City's tax sale process. Since early in 2012, there have been discussions with the Receiver.

On March 8, 2012, the City and MOE met with the Receiver and Romeo Di Battista Jr. who indicated that a proposal to pay the outstanding amounts was forthcoming. When no proposal was received, on April 4, 2012 the City advised that it would be proceeding with the tax sale, and targeted a mid-May date. On April 23, 2012 the Receiver again promised to deliver a proposal the following week. No proposal to clear the outstanding debt has been forthcoming. Therefore, the legislation requires staff to proceed to advertise the tax sale. The current amount owing for the two properties, which includes taxes, interest, legal costs, MOE debt and clean-up costs, totals \$2,350,704.66.

The property is in excess of 2.5 hectares and has a current assessed value of \$3.2 M. The value of a operating waste transfer site with a valid C of A is believed to add significantly to the value of the land.

It is staff's intention to proceed with a tax sale by public tender, with a tender amount sufficient to cover all outstanding taxes, penalty, interest and costs.

Should there be successful purchaser the City will be covered for all outstanding monies, and clear title will be available to the purchaser. If there are no successful bids received for the tender amount, the municipality has the authority to write-off the outstanding taxes as uncollectible and vests the ownership of the property to the City. Should this be the case, staff will prepare a further report to Council and request direction in that regard.

A "Request for Comments" notice has been sent to all applicable City Departments in order to bring this course of action to the attention of City Staff.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities set forth by Council in Vaughan Vision 2020 and the necessary resources have been allocated and approved.

Conclusion

Finance staff will proceed with the property tax sale on two (2) properties, in compliance with the *Municipal Act, 2001*.

Attachments

Attachment 1 - Location Map of the two (2) properties

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Respectfully submitted,

Barbara Cribbett, CMA
Commissioner of Finance & City Treasurer

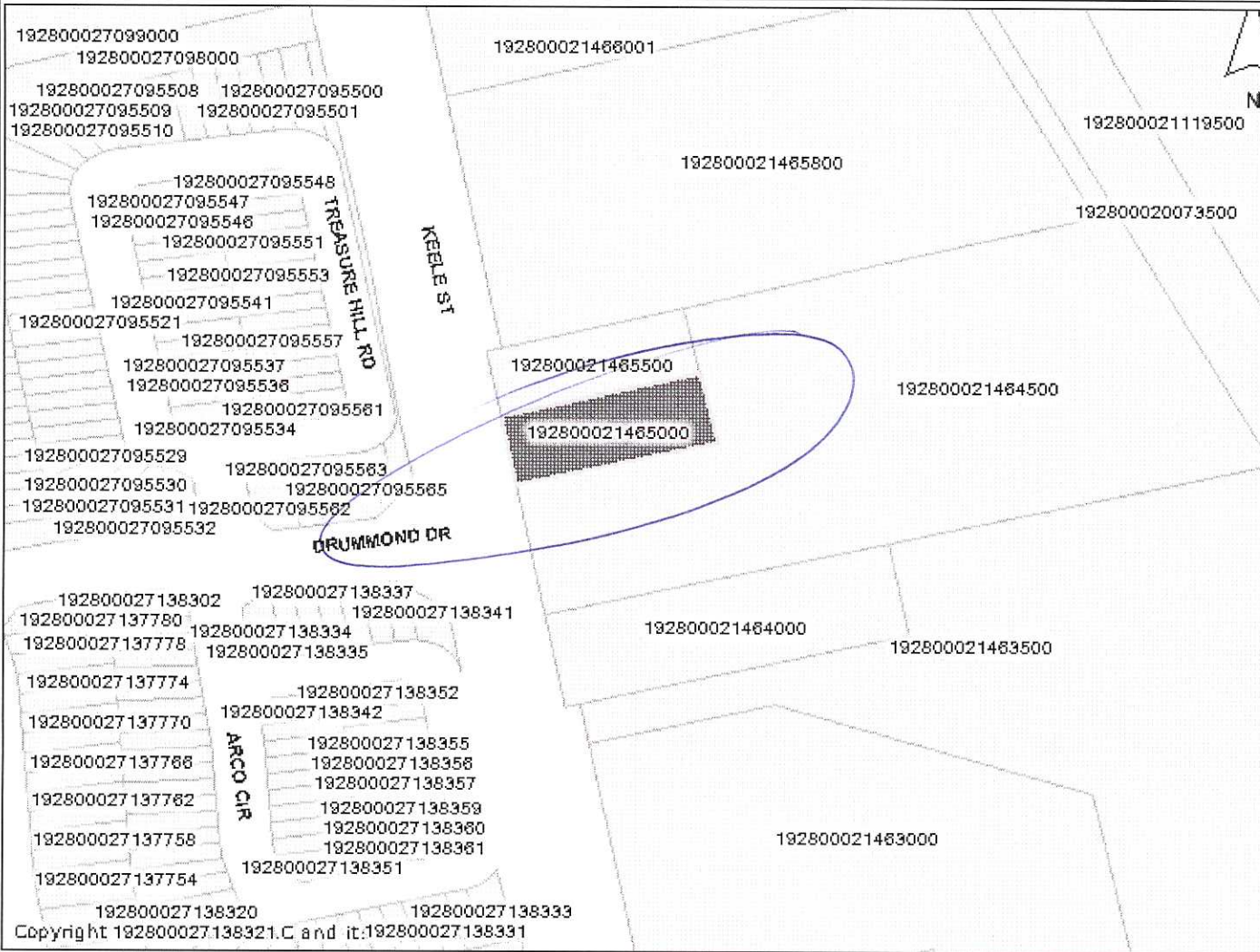
Janice Atwood-Petkovski
Commissioner of Legal and Administrative Services
& City Solicitor

Barry E. Jackson, CGA
Director of Financial Services



GIS Viewer

PIN #03343-0323



LEGEND

- MNR Waterbodies
- Custom Parcel Labels
- Primary Roll Labels Large
- Primary Roll Labels Small
- MPAC Office Locations
- Roads
- Assessment Parcels
- Municipal Boundaries



Map printed on: Thu May 10 12:51:19 2012

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Comments: .