



Report to: General Committee

Report Date: May 22, 2018

SUBJECT: Cancellation, Reduction or Refund of Taxes under Sections 357 and 358 of the *Municipal Act, 2001*

PREPARED BY: Shane Manson, Senior Manager, Revenue & Property Tax

RECOMMENDATION:

1. That the Report for the Cancellation, Reduction or Refund of Taxes under Sections 357 and 358 of the *Municipal Act, 2001* be received; and,
2. That taxes totalling approximately \$481,295 be adjusted under Section 357 of the *Municipal Act, 2001* of which the City's portion is estimated to be \$73,923; and,
3. That the associated interest be cancelled in proportion to the tax adjustments; and,
4. That the Treasurer be directed to adjust the Collector's Roll accordingly; and,
5. That staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to authorize the Treasurer to adjust the Collector's Roll under Section 357 and 358 of the *Municipal Act, 2001 (The Act)*.

BACKGROUND:

Sections 357 and 358 of *The Act* allow for the reduction, cancellation or refund of taxes. Section 357 subsection (1) states that:

Upon application to the Treasurer of a local municipality, the local municipality may cancel, reduce or refund all or part of taxes levied on land in the year in respect of which the application is made if:

- a. if a property or portion of a property is eligible to be reclassified in a different class of property, and that class has a lower tax ratio for the taxation year than the class the property or portion of the property was in before the change, and if no supplementary assessment is made in respect of the change under subsection 34(2) of the *Assessment Act*;
- b. property that has become vacant land or excess land during the year;
- c. property that has become exempt from taxation during the year;
- d. building that during the year was razed by fire, demolition or otherwise, or was damaged by fire, demolition or otherwise so as to render it substantially unusable for the purposes for which it was used immediately prior to the damage;
 - d.1. person who was unable to pay taxes because of sickness or extreme poverty;
- e. mobile unit that was removed from the land during the year;

-
- f. property overcharged by reason of any gross or manifest error that is a clerical error, the transposition of figures, a typographical error or similar type of error, but not an error in judgment in making the assessment upon which the taxes have been levied; or
 - g. in respect of a property which by reason of repairs or renovations could not be used for its normal use for a period of at least three months during the year.

Pursuant to Section 358 subsection (3), an application must be filed with the Treasurer between March 1 and December 31 of a year and may apply to taxes levied for one or both of the two years preceding the year in which the application is made and the application shall indicate to which year or years it applies.

Section 358 of *The Act* permits applications for tax adjustment, related to taxes levied in each or either of the two years preceding the year in which the application is made, by property owners who are overcharged by reason of any gross or manifest error in the preparation of the assessment roll by the Municipal Property Assessment Corporation (MPAC) that was an error of fact. This may include, but is not limited to; clerical errors, the transposition of figure or typographical errors, but not an error in judgment in making the assessment upon which the taxes have been levied. These applications relate to taxes levied in each or either of the two years preceding the year in which the application is made.

Pursuant to Section 357 subsection (3), an application must be filed with the Treasurer on or before the last day of February of the year following the year in respect of which the application is made.

OPTIONS/ DISCUSSION:

In accordance with *The Act*, the Notices of Hearing for the properties listed in Appendix B, were delivered to the applicants not less than fourteen days before the date upon which the applications are to be dealt with May 22, 2018. The notices of hearing for these properties were mailed to affected taxpayers on May 1, 2018.

The schedules attached identify the associated year of taxation, the assessment roll number of each property, the reason for the tax appeal and the tax adjustment. The tax values include the City, Region, and School Board.

There are three main reasons for these applications:

1. Razed by Fire or Demolished relating to the demolition of a building on a property that reduced the tax burden. All such applications include a City Demolition Permit;
2. Became Exempt representing properties that were assessed on the assessment roll as taxable, but became exempt during the year. They are properties that were either:
 - a. transferred during the year from a taxable owner to the City and therefore became exempt from tax (generally lands as part of subdivision agreements);
 - b. land purchased by a school board and became exempt;

-
- c. leased premises designated by the region as a Municipal Capital Facility (MCF);
 - d. a residential home renovated to include a component for accessibility and therefore, the accessible portion became exempt; and/or
3. Gross or Manifest Error that are as a result of errors by the Municipal Property Assessment Corporation (MPAC) on the assessment roll, which result in an overcharge of taxes.

Applications received by the City are sent to MPAC for review and are returned with either a recommendation for tax adjustment or with no recommendation; which results in no associated tax adjustment. Applications that receive this type of recommendation indicate that the appeal does not meet the specified criteria under *The Act*. These applications have been reviewed and it was determined that they are not eligible for relief. There are 14 applications that have no recommendation, and as a result have no associated tax adjustment.

Of the \$481,295 in total tax adjustments; 94% or \$454,448 is attributable to four properties, which are detailed below.

1. 1936 030 233 34700 – 9275 Markham Road: This commercial plaza is located along Markham Road and 16th Avenue. The property is owned by 1302597 Ontario Inc.

On May 28, 2013, the Region of York entered into a lease agreement with the property owner to occupy units 15, 17, 202 and 204. Pursuant to section 110(6) of *The Act*, Regional Council has enacted an exemption under By-law 2016-42 for the leased premises effective August 5, 2016. The subject units are designated as a Municipal Capital Facility (MCF).

The effect of the MCF designation on the leased premises under By-law 2016-42 is a property tax classification change from commercial to exempt, for units 15, 17, 202 and 204. The resulting total tax adjustment is \$52,740. The City share of the tax adjustment is \$6,988.

2. 1936 020 127 24400 to 24451 – 3601 Highway 7 (Units 801 to 1212): This office building is situated across from the City of Markham Civic Centre. The building abuts Highway 7 and South Town Centre Blvd. The property is owned by 1602978 Ontario Inc., and is subject to a lease agreement with the Region of York.

The following summary provides a timeline and progression of the Region of York lease agreement:

- a. August 26, 2008 – original lease agreement was drafted to occupy approximately 11,001 sq. ft. of space;
- b. June 25, 2009 – additional units of approximately 12,469 sq. ft. of space were added to the lease agreement; and
- c. February 23, 2013 – additional units of approximately 5,720 sq. ft. of space were added to the lease agreement.

As of March 31, 2018, the Region of York occupies approximately 29,190 square feet of space at 3601 Highway 7.

Pursuant to section 110(6) of *The Act*, Regional Council has enacted an exemption under By-law 2015-71 for the leased premises effective October 1, 2015. The subject units are designated as a Municipal Capital Facility (MCF).

The effect of the MCF designation on the leased premises under By-law 2015-71 is a property tax classification change from commercial to exempt for units 801 to 1212. The resulting total tax adjustment is \$295,576. The City share of the tax adjustment is \$39,453.

3. 1936 030 233 97292 – 0 Delray Road: York Region District School Board purchased this 16-acre land parcel on November 30, 2015 from Ninth Line Developments Limited. The property tax classification was changed from residential to exempt, which resulted in a total tax adjustment of \$55,279. The City share of the tax adjustment is \$13,955.
4. 1936 020 140 40630 – 0 Highway 7 East: This 3-acre parkland abuts Union Villa Long-Term Care Facility along Highway 7 East. Unionville Home Society Foundation owns the subject parkland and the abutting property. MPAC assessed the parkland as a vacant commercial land but deemed the land unbuildable. As a result, the property tax classification was corrected from vacant commercial land to vacant residential land. The total tax adjustment is \$50,853 and the City share of the tax adjustment is \$6,747.

FINANCIAL CONSIDERATIONS:

The City of Markham's portion of taxes for the taxation years between 2015 and 2017 is estimated to be \$73,923. The amount of taxes adjusted for the Region of York and School Boards will be reflected on the 2018 payment submissions to these bodies.

Figure 1 - Tax Adjustments by Levying Body

Tax Adjustments under Section 357 of the <i>Municipal Act, 2001</i>	
City	\$73,923
Region	\$148,545
Education	\$258,827
Total	\$481,295

The City of Markham annually budgets for property tax adjustments, which come as a result of assessment appeals, vacancy rebates and from tax adjustments under Section 357 and 358 of the *Municipal Act, 2001*. The 2018 property tax adjustment budget is \$950,000 and will be impacted by \$73,923, resulting from Section 357 tax adjustments in this report. The balance of the funds will be used for other tax adjustments in 2018.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

None.

RECOMMENDED BY:

2018-05-14

2018-05-14

X



Joel Lustig
Treasurer
Signed by: cxa

X



Trinela Cane
Commissioner, Corporate Services
Signed by: cxa

ATTACHMENTS:

Appendix A – Tax Adjustments under Section 357 of the *Municipal Act, 2001*

Appendix B – Tax Adjustments Detailed List

Appendix ATax Adjustments under Section 357 of the *Municipal Act, 2001*

March 26, 2018 - General Committee Meeting

Report Total

Description	Adjusted Amount	Appeal Count
Razed by Fire or Demolition	\$3,717	4
Became Exempt	\$425,511	94
Gross or Manifest Error	\$52,067	5
Grand Total	\$481,295	103

Appendix B

Tax Adjustments under Section 357 & Section 358 of the *Municipal Act, 2001*
Tax Adjustments Detailed List

Tax Appeals: Section 357 - Residential					
Tax Year	Application	Roll Number	Property Address	Subsection	Total Amount
2015	4582	36-03-0-232-56400-0000	9377 Mccowan Rd	Became Exempt	\$9,178
2015	4597	36-04-0-350-44500-0000	5 Orchard St	Gross or Manifest Error	\$193
2016	4590	36-03-0-232-56400-0000	9377 Mccowan Rd	Became Exempt	\$9,816
2016	4585	36-03-0-233-97292-0000	0 Delray Rd	Became Exempt	\$55,279
2016	4598	36-04-0-350-44500-0000	5 Orchard St	Gross or Manifest Error	\$250
2017	4576	36-03-0-211-82590-0000	132 Laird Dr	Razed by Fire or Demolition	\$751
2017	4577	36-03-0-245-60000-0000	0 Highway 48	Became Exempt	\$2,622
2017	4578	36-01-0-010-41100-0000	112 Woodward Ave	Razed by Fire or Demolition	\$1,772
2017	4579	36-02-0-134-90576-0000	30 Vandermeer Dr	Razed by Fire or Demolition	\$549
2017	4580	36-04-0-330-30800-0000	9 Rouge St	Razed by Fire or Demolition	\$644
2017	4581	36-02-0-171-39000-0000	49 Fairway Heights Dr	Became Exempt	\$300
2017	4595	36-02-0-125-72856-0000	38 Harvest Moon Dr	Gross or Manifest Error	\$245
2017	4593	36-04-0-350-44500-0000	5 Orchard St	Gross or Manifest Error	\$526
Total Residential				13 Appeals	\$82,125
Tax Appeals: Section 357 – Non-Residential					
Tax Year	Application	Roll Number	Property Address	Subsection	Total Amount
2015	4609	36-02-0-127-24400-0000	3601 Hwy 7 801	Became Exempt	\$1,038
2015	4612	36-02-0-127-24401-0000	3601 Hwy 7 802	Became Exempt	\$403
2015	4615	36-02-0-127-24409-0000	3601 Hwy 7 810	Became Exempt	\$424
2015	4618	36-02-0-127-24410-0000	3601 Hwy 7 811	Became Exempt	\$403
2015	4621	36-02-0-127-24411-0000	3601 Hwy 7 812	Became Exempt	\$806
2015	4567	36-02-0-127-24428-0000	3601 Hwy 7 1101	Became Exempt	\$1,039
2015	4624	36-02-0-127-24429-0000	3601 Hwy 7 1102	Became Exempt	\$403
2015	4627	36-02-0-127-24430-0000	3601 Hwy 7 1103	Became Exempt	\$424
2015	4630	36-02-0-127-24431-0000	3601 Hwy 7 1104	Became Exempt	\$593
2015	4633	36-02-0-127-24432-0000	3601 Hwy 7 1105	Became Exempt	\$869
2015	4636	36-02-0-127-24433-0000	3601 Hwy 7 1106	Became Exempt	\$476
2015	4639	36-02-0-127-24434-0000	3601 Hwy 7 1107	Became Exempt	\$556
2015	4642	36-02-0-127-24435-0000	3601 Hwy 7 1108	Became Exempt	\$402
2015	4645	36-02-0-127-24436-0000	3601 Hwy 7 1109	Became Exempt	\$423
2015	4648	36-02-0-127-24437-0000	3601 Hwy 7 1110	Became Exempt	\$423
2015	4651	36-02-0-127-24438-0000	3601 Hwy 7 1111	Became Exempt	\$402
2015	4654	36-02-0-127-24439-0000	3601 Hwy 7 1112	Became Exempt	\$805

Tax Appeals: Section 357 – Non-Residential					
Tax Year	Application	Roll Number	Property Address	Subsection	Total Amount
2015	4657	36-02-0-127-24440-0000	3601 Hwy 7 1201	Became Exempt	\$956
2015	4660	36-02-0-127-24441-0000	3601 Hwy 7 1202	Became Exempt	\$368
2015	4663	36-02-0-127-24442-0000	3601 Hwy 7 1203	Became Exempt	\$370
2015	4667	36-02-0-127-24443-0000	3601 Hwy 7 1204	Became Exempt	\$513
2015	4670	36-02-0-127-24444-0000	3601 Hwy 7 1205	Became Exempt	\$807
2015	4673	36-02-0-127-24445-0000	3601 Hwy 7 1206	Became Exempt	\$423
2015	4676	36-02-0-127-24446-0000	3601 Hwy 7 1207	Became Exempt	\$489
2015	4679	36-02-0-127-24447-0000	3601 Hwy 7 1208	Became Exempt	\$368
2015	4682	36-02-0-127-24448-0000	3601 Hwy 7 1209	Became Exempt	\$370
2015	4685	36-02-0-127-24449-0000	3601 Hwy 7 1210	Became Exempt	\$370
2015	4688	36-02-0-127-24450-0000	3601 Hwy 7 1211	Became Exempt	\$368
2015	4691	36-02-0-127-24451-0000	3601 Hwy 7 1212	Became Exempt	\$742
2016	4570	36-03-0-233-34700-0000	9275 Markham Rd	Became Exempt	\$13,862
2016	4610	36-02-0-127-24400-0000	3601 Hwy 7 801	Became Exempt	\$8,819
2016	4613	36-02-0-127-24401-0000	3601 Hwy 7 802	Became Exempt	\$3,430
2016	4616	36-02-0-127-24409-0000	3601 Hwy 7 810	Became Exempt	\$3,614
2016	4619	36-02-0-127-24410-0000	3601 Hwy 7 811	Became Exempt	\$3,430
2016	4622	36-02-0-127-24411-0000	3601 Hwy 7 812	Became Exempt	\$6,861
2016	4568	36-02-0-127-24428-0000	3601 Hwy 7 1101	Became Exempt	\$8,819
2016	4625	36-02-0-127-24429-0000	3601 Hwy 7 1102	Became Exempt	\$3,430
2016	4628	36-02-0-127-24430-0000	3601 Hwy 7 1103	Became Exempt	\$3,614
2016	4631	36-02-0-127-24431-0000	3601 Hwy 7 1104	Became Exempt	\$5,037
2016	4634	36-02-0-127-24432-0000	3601 Hwy 7 1105	Became Exempt	\$7,396
2016	4637	36-02-0-127-24433-0000	3601 Hwy 7 1106	Became Exempt	\$4,050
2016	4640	36-02-0-127-24434-0000	3601 Hwy 7 1107	Became Exempt	\$4,752
2016	4643	36-02-0-127-24435-0000	3601 Hwy 7 1108	Became Exempt	\$3,430
2016	4646	36-02-0-127-24436-0000	3601 Hwy 7 1109	Became Exempt	\$3,614
2016	4649	36-02-0-127-24437-0000	3601 Hwy 7 1110	Became Exempt	\$3,614
2016	4652	36-02-0-127-24438-0000	3601 Hwy 7 1111	Became Exempt	\$3,430
2016	4655	36-02-0-127-24439-0000	3601 Hwy 7 1112	Became Exempt	\$6,861
2016	4658	36-02-0-127-24440-0000	3601 Hwy 7 1201	Became Exempt	\$8,132
2016	4661	36-02-0-127-24441-0000	3601 Hwy 7 1202	Became Exempt	\$3,146
2016	4664	36-02-0-127-24442-0000	3601 Hwy 7 1203	Became Exempt	\$3,163
2016	4668	36-02-0-127-24443-0000	3601 Hwy 7 1204	Became Exempt	\$4,367
2016	4671	36-02-0-127-24444-0000	3601 Hwy 7 1205	Became Exempt	\$6,877
2016	4674	36-02-0-127-24445-0000	3601 Hwy 7 1206	Became Exempt	\$3,614
2016	4677	36-02-0-127-24446-0000	3601 Hwy 7 1207	Became Exempt	\$4,183
2016	4680	36-02-0-127-24447-0000	3601 Hwy 7 1208	Became Exempt	\$3,146

Tax Appeals: Section 357 – Non-Residential					
Tax Year	Application	Roll Number	Property Address	Subsection	Total Amount
2016	4683	36-02-0-127-24448-0000	3601 Hwy 7 1209	Became Exempt	\$3,163
2016	4686	36-02-0-127-24449-0000	3601 Hwy 7 1210	Became Exempt	\$3,163
2016	4689	36-02-0-127-24450-0000	3601 Hwy 7 1211	Became Exempt	\$3,146
2016	4692	36-02-0-127-24451-0000	3601 Hwy 7 1212	Became Exempt	\$6,325
2017	4571	36-03-0-233-34700-0000	9275 Markham Rd	Became Exempt	\$38,878
2017	4611	36-02-0-127-24400-0000	3601 Hwy 7 801	Became Exempt	\$9,104
2017	4614	36-02-0-127-24401-0000	3601 Hwy 7 802	Became Exempt	\$3,620
2017	4617	36-02-0-127-24409-0000	3601 Hwy 7 810	Became Exempt	\$3,805
2017	4620	36-02-0-127-24410-0000	3601 Hwy 7 811	Became Exempt	\$3,620
2017	4623	36-02-0-127-24411-0000	3601 Hwy 7 812	Became Exempt	\$7,130
2017	4569	36-02-0-127-24428-0000	3601 Hwy 7 1101	Became Exempt	\$9,104
2017	4626	36-02-0-127-24429-0000	3601 Hwy 7 1102	Became Exempt	\$3,620
2017	4629	36-02-0-127-24430-0000	3601 Hwy 7 1103	Became Exempt	\$3,805
2017	4632	36-02-0-127-24431-0000	3601 Hwy 7 1104	Became Exempt	\$5,254
2017	4635	36-02-0-127-24432-0000	3601 Hwy 7 1105	Became Exempt	\$7,673
2017	4638	36-02-0-127-24433-0000	3601 Hwy 7 1106	Became Exempt	\$4,250
2017	4641	36-02-0-127-24434-0000	3601 Hwy 7 1107	Became Exempt	\$4,990
2017	4644	36-02-0-127-24435-0000	3601 Hwy 7 1108	Became Exempt	\$3,620
2017	4647	36-02-0-127-24436-0000	3601 Hwy 7 1109	Became Exempt	\$3,805
2017	4650	36-02-0-127-24437-0000	3601 Hwy 7 1110	Became Exempt	\$3,805
2017	4653	36-02-0-127-24438-0000	3601 Hwy 7 1111	Became Exempt	\$3,620
2017	4656	36-02-0-127-24439-0000	3601 Hwy 7 1112	Became Exempt	\$7,130
2017	4659	36-02-0-127-24440-0000	3601 Hwy 7 1201	Became Exempt	\$8,413
2017	4662	36-02-0-127-24441-0000	3601 Hwy 7 1202	Became Exempt	\$3,328
2017	4665	36-02-0-127-24442-0000	3601 Hwy 7 1203	Became Exempt	\$3,345
2017	4669	36-02-0-127-24443-0000	3601 Hwy 7 1204	Became Exempt	\$4,575
2017	4672	36-02-0-127-24444-0000	3601 Hwy 7 1205	Became Exempt	\$7,150
2017	4675	36-02-0-127-24445-0000	3601 Hwy 7 1206	Became Exempt	\$3,805
2017	4678	36-02-0-127-24446-0000	3601 Hwy 7 1207	Became Exempt	\$4,410
2017	4681	36-02-0-127-24447-0000	3601 Hwy 7 1208	Became Exempt	\$3,328
2017	4684	36-02-0-127-24448-0000	3601 Hwy 7 1209	Became Exempt	\$3,345
2017	4687	36-02-0-127-24449-0000	3601 Hwy 7 1210	Became Exempt	\$3,345
2017	4690	36-02-0-127-24450-0000	3601 Hwy 7 1211	Became Exempt	\$3,328
2017	4693	36-02-0-127-24451-0000	3601 Hwy 7 1212	Became Exempt	\$6,591
2017	4698	36-02-0-140-40630-0000	0 Hwy 7	Gross or Manifest Error	\$50,853
Total Non-Residential				90 Appeals	\$399,170
Total (Residential & Non-Residential)				103 Appeals	\$481,295