



**City of Kingston  
Report to Council  
Report Number 14-274**

---

<b>To:</b>	<b>Mayor and Members of Council</b>
<b>From:</b>	<b>Desirée Kennedy, Chief Financial Officer and City Treasurer</b>
<b>Resource Staff:</b>	<b>Pat Carrol, Manager of Taxation and Revenue</b>
<b>Date of Meeting:</b>	<b>August 12, 2014</b>
<b>Subject:</b>	<b>Write-off of Uncollectible Property Taxes – 661 Montreal Street</b>

---

**Executive Summary:**

The *Municipal Act, 2001* provides that the City Treasurer may recommend to Council that uncollectible property tax amounts be written-off when a property has been subject to an unsuccessful tax sale. Council must authorize the write-off of taxes from the tax roll. The amount recommended for write-off in this report is for the property at 661 Montreal Street.

At the City Council meeting held on May 7, 2013, Council approved the acceptance of a proposal by BPE Development to redevelop 661 Montreal Street, a failed tax sale property, subject to an approved agreement of purchase and sale. A fourth Sale of Land by Public Tender (tax sale) was completed on the subject property on June 25, 2014 and no tenders were received. The Mayor and Clerk have now executed an Agreement of Purchase, Sale and Redevelopment with BPE Development and staff is recommending vesting title of this property to the City of Kingston. A transfer of property ownership will be executed immediately upon vesting in the name of the City, in accordance with Council's previous approval.

**Recommendation:**

**That** Council approve the City Treasurer's recommendation to write-off uncollectible taxes for 661 Montreal Street, which failed to sell under the tax sale provisions in the *Municipal Act, 2001*, in the amount of \$447,333.38, of which \$362,839.95 is the City's portion and \$84,493.43 will be charged back to the school boards; and,

**That** the City Treasurer be authorized to prepare and register a notice of vesting in the name of The Corporation of the City of Kingston pursuant to subsection 379(5) of the *Municipal Act, 2001* for the property known municipally as 661 Montreal Street, Roll No. 10.11.040.010.06800.0000.

August 12, 2014

Page 2 of 4

**Authorizing Signatures:**

ORIGINAL SIGNED BY DIRECTOR OF FINANCIAL SERVICES

Desirée Kennedy, Chief Financial Officer and  
City Treasurer

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

**Consultation with the following Commissioners:**

Cynthia Beach, Corporate & Strategic Initiatives

Lanie Hurdle, Community Services

Not required

Denis Leger, Transportation, Facilities & Emergency Services

Not required

Jim Keech, President and CEO, Utilities Kingston

Not required

August 12, 2014

Page 3 of 4

**Options/Discussion:**

Under the authority of the *Municipal Act, 2001*, municipalities are empowered to utilize tax sale processes in certain situations to recover tax arrears on a property. A property is eligible for tax sale proceedings when the associated tax account has any part of three years or more taxes outstanding at January 1 of a given year. Further, Kingston's City Council approved a process in May, 2004 whereby properties in serious tax arrears that have been unsuccessfully offered for sale in exchange for the outstanding tax amount may have the outstanding tax amount cancelled and may, through a "Failed Tax Sale" process, be included in a public Request For Proposal (RFP) to solicit proposals for purchase and re-development by private developers.

Section 354 of the *Municipal Act, 2001* permits the City Treasurer to recommend that taxes be written off the tax roll when the property has been subject to an unsuccessful tax sale or when a tax sale would be ineffective or inappropriate. In addition, the City's Failed Tax Sale Policy provides for full write-off of taxes after an unsuccessful tax sale and an approved Request for Proposal resulting in the City vesting ownership and transferring title to the successful proponent.

At the City Council meeting held on May 7, 2013, Council approved the following recommendations in Council [Report 13-172](#) "Failed Tax Sale - 661 Montreal Street":

***THAT*** Council authorize staff to investigate and negotiate with the Public Guardian of the Province of Ontario opportunities for the transfer of the subject lands at 661 Montreal Street including, if necessary, vesting in the name of the Corporation of the City of Kingston for the purpose of cancelling unpaid taxes and transferring ownership BPE Development once an acceptable Agreement of Purchase, Sale & Redevelopment has been completed; and

***THAT*** Council accept the proposal submitted by BPE Development in response to City of Kingston request for Proposals F31-SG-ESI-2012-2 for transfer of the failed tax sale property at 661 Montreal Street; and

***THAT*** Council authorize the Mayor and Clerk, if required, to execute an Agreement of Purchase, Sale and Redevelopment with BPE Development in a form that is satisfactory to the Director of Legal Services.

Because the two-year Failed Tax Sale period ended in December 2012, 661 Montreal Street was re-registered with a Tax Arrears Certificate on January 24, 2013. The City can only vest in a property within two years of a failed tax sale process. A fourth Sale of Land by Public Tender (tax sale) was completed on subject property on June 25, 2014 and no tenders were received.

The Mayor and Clerk have now executed an Agreement of Purchase, Sale and Redevelopment with BPE Development. A transfer of property ownership will be executed immediately upon vesting the property in the name of the City, in accordance with Council's previous approvals. The write-off of property taxes is being recommended as set out in the failed tax policy in order to provide clear title upon transfer to the proponent.

August 12, 2014

Page 4 of 4

**Existing Policy/By Law:**

*Municipal Act, 2001*, as amended

Failed Tax Sale Policy, Committee of the Whole Report 04-013, March 9, 2004

**Notice Provisions:**

There are no notice requirements under the *Municipal Act, 2001* for this report.

**Accessibility Considerations:**

Copies of reports may be available in alternative formats. Assistive listening devices may be provided at the public meetings upon request two weeks prior to meeting date.

**Financial Considerations:**

The municipal portion of this write-off in the amount of \$362,839.95 has been expensed each year as part of the allowance for doubtful accounts review and, therefore, will not affect current operating budgets. Education levies are paid to the school boards in the year in which the taxes are levied; therefore, education taxes in the amount of \$84,493.43 will be recovered from the school boards in 2014.

**Contacts:**

Desiree Kennedy, Chief Financial Officer and City Treasurer, Extension 2220

Pat Carrol, Manager, Taxation and Revenue, Extension 2468

**Other City of Kingston Staff Consulted:**

Paul MacLatchy, Director, Environment & Sustainable Initiatives, Extension 1226

Nathan Richards, Manager, Brownfields, Extension 1325

**Exhibits:**

There are no exhibits to this report.