SUBJECT: Apportionment of Taxes for Various Properties in Hamilton (Ward 4) and Flamborough (Ward 15) (FCS06001(a)) – Corporate Administration Committee Outstanding Business Item O

RECOMMENDATION:

(a) That the land taxes levied against Roll #2518 040 334 07020 (0 Tragina Street North, Hamilton) for the 2004 and 2005 tax years, be apportioned in the amount of $4,287.03 and split amongst the two newly created parcels as set out in Appendix A to Report FCS06001(a);

(b) That the land taxes levied against Roll #2518 303 330 23406 (6 Redcliff Court, Flamborough) for the 2005 tax year, be apportioned in the amount of $1,940.21 and split amongst the two newly created parcels as set out in Appendix A to Report FCS06001(a);

(c) That the land taxes levied against Roll #2518 303 330 23428 (83 Goldenview Court, Flamborough) for the 2005 tax year, be apportioned in the amount of $1,898.34 and split amongst the two newly created parcels as set out in Appendix A to Report FCS06001(a); and

(d) That the issue of “Methods to Communicate Supplementary Taxes to Homebuyers” on the Outstanding Business List of the Corporate Administration Committee (Item O) is identified as completed and removed from the Outstanding Business List.
EXECUTIVE SUMMARY:

Assessment and therefore taxes levied on Roll #2518 040 334 07020 (216 Tragina Street North, Hamilton) for the 2004 and 2005 tax years, did not recognize the fact that this property had been the subject of a severance. The taxes levied in the years 2004 and 2005 need to be apportioned amongst the two newly created parcels. Section 356 of the Municipal Act, 2001, permits such an apportionment.

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Assessment and therefore taxes levied on Roll #2518 303 330 23428 (83 Goldenview Court, Flamborough) for the 2005 tax year, did not recognize the fact that this property had been the subject of a severance. The taxes levied in the year 2005 need to be apportioned amongst the two newly created parcels. Section 356 of the Municipal Act, 2001, permits such an apportionment.

At the October 26, 2005, Corporate Administration Committee, staff were asked to identify Methods to Communicate Supplementary and Apportionment Taxes to new Homebuyers.

BACKGROUND:

The properties identified in this report were severed into several parcels.

The assessments returned on the Roll for the years 2004 and 2005 reflect the values for the original parcel of land. The Municipal Property Assessment Corporation (MPAC) produced apportionment reports for the assessments originally levied in 2004 and 2005 tax years identifying the split amongst the new parcels of land. Since the original assessments remained with the base Roll Number for the 2004 and 2005 tax years; the taxes were overstated and now need to be adjusted to the newly created Roll Numbers.

Staff has compiled correspondence to address the supplementary and apportionment process issues that may face new homebuyers. Letters identifying the process have been mailed to all legal firms identified as handling real estate transactions, as well as, The Hamilton Real Estate Board (refer to Appendix “C” to FCS06001(a)). This information has also been posted on the City’s website. Given that real estate sales agents and solicitors are the initial contacts for homebuyers, their assistance was requested in educating clients with regards to property taxes when closing real estate transactions on newly constructed or severed properties. A note has also been added to the Treasurer’s Certificate of Taxes warning that supplementary and/or apportionment of taxes may occur at a later date for any new construction or severed properties.
ANALYSIS/RATIONALE:

The original assessment returned on the base roll and the corresponding taxes levied are the sole responsibility of the current property owner. As the properties have been severed into new lots, the current property owners have applied to the Treasurer of the Municipality to have the taxes apportioned fairly to all the lots, in accordance with the provisions of Section 356 of the Municipal Act, 2001.

ALTERNATIVES FOR CONSIDERATION:

The taxes remain with the base lot payable by that homeowner and are not split to the newly created lots.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Where land has been assessed in blocks and then is split into new parcels, the original Roll Number is assigned to the current property owner. Taxes owing and subsequently assessed against the original parcel, must be transferred to the new parcels in a timely manner or the City of Hamilton runs the risk of these amounts becoming uncollectible.

POLICIES AFFECTING PROPOSAL:

Section 356 of the Municipal Act, 2001, permits Council to approve the apportionment of land taxes due to a severance. Once the Tax Roll is adjusted, the taxes shall be deemed to have been always levied in accordance with the adjusted Tax Roll.

RELEVANT CONSULTATION:

All apportionment recommendations provided to Council are supported by reports provided by the Municipal Property Assessment Corporation identifying the split in the assessment values due to land severances.

Staff has consulted with the Assessment Review Board to determine the appropriate procedure in accordance with Section 356, of the Municipal Act, 2001. As well, the City’s Legal Division has recommended that all apportionments be done only after following the procedure set out in Section 356 of the Municipal Act, 2001.
CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, and 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

As construction and new development occurs within the City of Hamilton, the apportionment recommendations permit the fair and equitable distribution of land taxes amongst newly created parcels of land.

Environmental Well-Being is enhanced. ☐ Yes ☑ No

No environmental impact.

Economic Well-Being is enhanced. ☑ Yes ☐ No

By identifying and apportioning taxes in a timely consistent manner the City ensures that its tax revenues are billed, collected and secured.

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
### APPORTIONMENT OF TAXES

Apportion the original land taxes levied against:

(a) **Roll #2518 040 334 07020** (0 Tragina Avenue North, Hamilton) for the 2004 and 2005 tax years, in the amount of $4,287.03 should be split amongst the two property roll numbers listed below:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ADDRESS</th>
<th>ROLL NUMBER</th>
<th>APPORTIONED ASSESSMENT</th>
<th>TOTAL TAXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>0 Tragina Ave. N.</td>
<td>2518 040 334 07020</td>
<td>88,600</td>
<td>$1,512.52</td>
</tr>
<tr>
<td>2004</td>
<td>216 Tragina Ave. N.</td>
<td>2518 040 334 07030</td>
<td>35,400</td>
<td>604.32</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>124,000</strong></td>
<td><strong>$2,116.84</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ADDRESS</th>
<th>ROLL NUMBER</th>
<th>APPORTIONED ASSESSMENT</th>
<th>TOTAL TAXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0 Tragina Ave. N.</td>
<td>2518 040 334 07020</td>
<td>88,600</td>
<td>$1,550.63</td>
</tr>
<tr>
<td>2005</td>
<td>216 Tragina Ave. N.</td>
<td>2518 040 334 07030</td>
<td>35,400</td>
<td>619.56</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>124,000</strong></td>
<td><strong>$2,170.19</strong></td>
</tr>
</tbody>
</table>

(b) **Roll #2518 303 330 23406** (6 Redcliff Court, Flamborough) for the 2005 tax year, in the amount of $1,904.21 should be split amongst the two property roll numbers listed below:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ADDRESS</th>
<th>ROLL NUMBER</th>
<th>APPORTIONED ASSESSMENT</th>
<th>TOTAL TAXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>6 Redcliff</td>
<td>2518 303 330 23406</td>
<td>68,600</td>
<td>$  957.55</td>
</tr>
<tr>
<td>2005</td>
<td>4 Redcliff</td>
<td>2518 303 330 23405</td>
<td>70,400</td>
<td>982.66</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>139,000</strong></td>
<td><strong>$1,940.21</strong></td>
</tr>
</tbody>
</table>

(c) **Roll #2518 303 330 23428** (83 Goldenview Court, Flamborough) for the 2005 tax year, in the amount of $1,898.34 should be split amongst the two property roll numbers listed below:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ADDRESS</th>
<th>ROLL NUMBER</th>
<th>APPORTIONED ASSESSMENT</th>
<th>TOTAL TAXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>83 Goldenview</td>
<td>2518 303 330 23428</td>
<td>70,900</td>
<td>$  989.64</td>
</tr>
<tr>
<td>2005</td>
<td>85 Goldenview</td>
<td>2518 303 330 23427</td>
<td>65,100</td>
<td>908.70</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>136,000</strong></td>
<td><strong>$1,898.34</strong></td>
</tr>
</tbody>
</table>
Map identifying the parcel of land originally known as 0 Tragina Ave. N., Hamilton:
Map identifying the parcel of land originally known as 6 Redcliff Court, Flamborough:
Map identifying the parcel of land originally known as 83 Goldenview Court, Flamborough:
IMPORTANT NOTICE REGARDING TAX CERTIFICATE FEE

To Whom It May Concern:

Effective February 1, 2006, the fee to obtain a Tax Certificate will be $51.00, as approved by Council on November 28, 2005.

If you have any questions in regard to the above, please do not hesitate to contact (905) 546-CITY (2489).

IMPORTANT NOTICE REGARDING NEW CONSTRUCTION

The City of Hamilton is requesting the assistance of all Hamilton solicitors and the Hamilton Real Estate Board in educating the public with regards to the taxes levied on new construction.

All new construction begins with an original parcel of land which has been assigned a property roll number. This original parcel of land is severed into several smaller parcels and construction begins on the survey. New roll numbers are assigned to the newly created parcels of land only when construction has been fully completed. As such, in the first few years of the new survey, land assessment continues to be assessed for the original property even though the legal description of the new parcel may be significantly smaller. Subsequently, one property owner will be assigned the original base roll by the Municipal Property Assessment Corporation (MPAC). This property owner will receive the land assessment for his/her property and that of the neighboring parcels of land.

It is recommended that with all new construction, solicitors and realtors advise their clients that initially there are two components to the property taxes:

a) land tax (assessment on the land)

b) supplementary tax bill (assessment on the building)

Supplementary taxes are generally received within the two year period following occupancy. They are billed by the tax department once the City has the assessment and occupancy information from MPAC. New home purchasers should be advised to potentially expect a tax bill covering up to two years and, in extenuating circumstances three years.

When the land assessment and the supplementary assessment are added together, the total assessment should be close to the purchase price of the property. If the total assessment is much larger than the purchase price of the property, an apportionment of the land taxes may be required from that property to neighboring properties. Conversely, if the land assessment and supplementary assessment added together is much lower than the purchase price there
is a strong chance that land taxes from a neighboring property will be apportioned onto their property.

The builder, property owner or their solicitor may request an apportionment of the land taxes in writing and forward it to the attention of the Senior Analyst (Apportionments) in the Tax Department. Once this request has been received, the City will obtain the necessary paperwork from MPAC and notify all affected parties in writing of the apportionment process. Subsequent to approval by Council and the pending appeal period, the tax accounts are adjusted for all of the affected properties. Correspondence is mailed out notifying all property owners of the changes to their property taxes and any payment that may be required.

When requesting information on new construction, please provide the legal description of the property in question. No financial information will be provided on a property tax roll without prior payment of the tax certificate fee.

Written requests for apportionments may be forwarded to the attention of the Senior Analyst (Apportionments) in the Tax Department. Any questions or concerns regarding land assessment may be directed to the Senior Analyst at 905 546-2424 ext. 4404.

Your assistance in communicating this information to the public is appreciated.

Taxation Division