

TAXES RECOMMENDED FOR CANCELLATION - EXEMPT PROPERTIES

RECOMMENDATION

That Executive Committee recommend to City Council:

That the cancellation (write-off) of \$1,547,666.09 in uncollectible taxes, as outlined in Attachment 1 of the April 27, 2022, Financial and Corporate Services report FCS01104, be approved.

Report Purpose

Council decision required

City Council approval is required to write off uncollectible taxes, pursuant to s.347 of the *Municipal Government Act*.

Executive Summary

- Sixteen properties that should have been exempt from taxation accrued tax liabilities from 2018 to 2020 because sufficient documentation was not provided to support the exemption.
- Administration believes these taxes are not recoverable, and is recommending that Council cancel the accrued tax liabilities.

REPORT

Under provincial legislation, affordable housing properties are generally subject to property taxes with a few exceptions. One exception applies to properties that are owned by the Alberta Social Housing Corporation (ASHC). ASHC properties became exempt from property taxes when the province issued the ASHC Exemption Regulation in 2018.

In 2016, ownership of sixteen properties was transferred from the Canadian Mortgage and Housing Corporation to ASHC and are used as affordable housing accommodations. The properties should have been exempted from taxes beginning in 2018 when the ASHC Exemption Regulation came into force. However, the 2016 transfer of the properties was not registered with the Land Titles Office until 2021, so the exemption was not applied until documentation was provided to confirm the new ownership.

Taxes Recommended for Cancellation - Exempt Properties

With no exemption in place, taxes were levied against these properties annually between 2018 and 2021. The Province registered the transfer with the Land Titles Office and provided sufficient information to apply the exemption in October 2021. Administration applied the exemption for the 2021 tax year, but does not have authority to cancel taxes for prior years. As such, these sixteen properties have combined outstanding tax arrears from 2018-2020 of \$1,547,666.09. This amount does not include penalties as non-payment penalties were not applied to these accounts.

Administration does not believe these tax liabilities are recoverable from the Province, and since the properties would have been exempted had sufficient information been provided, Administration recommends that City Council cancel these taxes as listed in Attachment 1.

Budget/Financial Implications

Administration has an established budget for uncollectible taxes and penalties.

Legal Implications

Council has authority to cancel tax arrears under section 347 of the *Municipal Government Act* if Council considers it equitable to do so.

COMMUNITY INSIGHT

No public engagement was undertaken for this report.

GBA+

GBA+ specific to the tax cancellation or collection for these providers was not conducted. GBA+ regarding the need for affordable housing is provided in the February 16, 2022, Financial and Corporate Services report, FCS00721.

ATTACHMENT

1. Taxes Recommended for Cancellation by Account