

Corporate Report

REPORT NUMBER 346-2023-Corporate Services-Revenue

DATE

PREPARED

October 27, 2023

FILE

MEETING DATE

November 27, 2023

SUBJECT

Unsuccessful Tax Sale Properties

RECOMMENDATION

WITH RESPECT to Report 346-2023-Corporate Services-Revenue, we recommend that the City Treasurer vest the following property in the name of the municipality being a property having a low environmental risk and that the property be retained by the municipality for municipal purposes:

Roll Number

Address

02.103.39800.0000

300 Maxwell Avenue;

AND THAT upon the vesting of the property, taxes be written off as uncollectible;

AND THAT immediately upon the vesting of the property, Administration take the appropriate steps to manage all risks associated with ownership of the property;

AND THAT any necessary by-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

City Council authorized tax registration and sale proceedings for 389 properties in 2021 that were in two years tax arrears. Arrears were paid on 364 properties, and extension agreements were approved for 19 properties. A tax sale was held in June 2023 resulting in five properties being sold. This report recommends an approach to deal with the remaining one property that did not sell in the 2023 tax sale.

DISCUSSION

Each year, City Council authorizes tax sale proceedings for properties that are two years in tax arrears. A tax arrears certificate is registered, and the property owner/interested party has one year to pay the property tax account in full (cancellation price) or enter into an extension agreement.

If the cancellation price is not paid or an extension agreement is not executed within one year of the tax arrears certificate being issued, the property is offered for public sale.

The chart below provides details of the number of properties that were approved for tax registration and sale proceedings.

Year Approved	# Properties Approved	# Properties Paid Before Tax Sale	# Properties Entered into Extension Agreements	# Properties Sold	# Properties Not Sold
2021	389	364	19	5	1

This report recommends an approach to deal with the one property that did not sell in the 2023 tax sale, hereafter referred to as the subject property.

Write Off of Taxes

Administration can recover the education portion of the taxes from school boards when the taxes are written-off. The education taxes that were billed have already been passed on to the school boards on the assumption the municipality would collect them. Recognizing them as uncollectible and writing them off will allow the municipality to recover the monies advanced in previous years. If a property is sold within seven years of vesting, and the cancellation price exceeds \$10,000, the municipality is required to share the net sale proceeds in proportion to amounts written off with the school boards.

Environmental Risks

The *Environmental Protection Act* provides some protection measures for municipalities vesting property as a result of unsuccessful tax sale proceedings. Protection is limited to a period of five years from the date the municipality becomes the owner of the property. During that time, the Province will not issue any order under the *Environmental Protection Act* to the municipality with respect to the property because of the presence or discharge of a contaminant on, in or under the property, unless any of the following circumstances exist:

1. There is danger to the health or safety of any person.
2. There is impairment or serious risk of impairment of the quality of the natural environment for any use that can be made of it.
3. There is injury or damage or serious risk of injury or damage to any property or to any plant or animal life.

This legislation provides a five-year period of protection for the municipality to vest and sell off property that could potentially have contamination issues.

Low Risk Property Recommended to be Vested and Retained by City

The subject property is identified as having low environmental risk and the municipality has an interest in retaining the subject property for consolidation and development purposes in conjunction with possible future development of other City-owned lands in the area.

FINANCIAL IMPLICATION

The municipal portion of arrears totaling \$3,618.66 recommended for write-off has been accounted for in the 2023 operating budget.

The education portion of arrears totaling \$56.43 recommended for write-off will be recovered from the respective school boards.

CONCLUSION

It is concluded that the City Treasurer should vest the unsuccessful tax sale property, as recommended in this Report, in the name of the Municipality.

BACKGROUND

The *Municipal Act, 2001* provides a two-year deadline from the date of a tax sale for the Treasurer to make a decision to vest a property in the name of the municipality. If after the two-year deadline, the property has not been vested, tax sale proceedings are deemed to have been cancelled. The *Municipal Act, 2001* also provides authority for Council to write off unpaid taxes as uncollectible after an unsuccessful tax sale whether or not the property vests in the municipality.

In 2008, City Council approved a Tax Sale Vesting Policy. The policy establishes guidelines with respect to the management of unsuccessful municipal tax sale properties. The intent of the Policy is to provide an equitable and advantageous method to restore under-utilized and potentially contaminated properties to productive tax generating uses. However, the Policy does provide consideration for situations, whereby an unsuccessful tax sale property may have characteristics that would make vesting not viable, and in these situations, proceedings are cancelled.

REFERENCE MATERIAL ATTACHED

Attachment 1 – Unsuccessful Tax Sale Property Recommended to Vest

REPORT PREPARED BY

Kathleen Cannon, Director-Revenue

REPORT SIGNED AND VERIFIED BY

Karen Lewis, General Manager – Corporate Services

11/16/2023