



To: Council
From: Cindy Delgreco, Director of Finance/Treasurer
Date of Meeting: May 10, 2023
Subject: Vesting of Failed Tax Sale Properties

Recommendation:

That Council approve the vesting, in accordance with Section 379 (7.1) of the Municipal Act, of three vacant properties legally described as:

- (1) PIN 60232-0088; CON 4 PT LOT 18; SOUTH STORMONT (County Rd 14)
- (2) PIN 60206-0088; PLAN 252 LOT 113; SOUTH STORMONT (Cain St.)
- (3) PIN 60206-0088; PLAN 252 LOT 114; SOUTH STORMONT (Cain St.)

And further that Council authorize Staff to write off taxes in the amount of \$108,257 on lands vested by the municipality, in accordance with Section 354 of the Municipal Act.

Executive Summary:

The purpose of the report is to seek Council approval to vest eligible lands with the municipality and write off corresponding property taxes.

Background:

The affected properties were offered for Tax Sale by Public Tender and no bids were received. These properties are eligible to vest with the municipality. Council has the authority to proceed with vesting of the lands and accordingly, approve taxes to be written off. If Council does not approve the vesting of lands and corresponding tax write off, taxes will remain on the tax roll and increase taxes receivable as they are difficult to collect. The list of eligible properties is attached as Appendix A to this report.

Sale of Land by Public Tender

A Sale of Land by Public Tender, also referred to as a "Tax Sale" is governed by the *Municipal Act, 2001*, and Ontario Regulation 181/03 (the "Municipal Tax Sales Rules"). By following the process set out in this legislation, the municipality has an opportunity to recover tax arrears by selling land which is in arrears.

The municipality registers a tax arrears certificate on the title of a property which is in tax arrears for at least two years. This certificate indicates that the property will be sold if the cancellation price is not paid within one year of registration of the certificate. The cancellation price comprises of all outstanding

taxes, interest, penalties and costs incurred by the municipality after the Treasurer becomes entitled to register a tax arrears certificate.

The municipality advertises the property(s) for sale due to non-payment of taxes if the cancellation price is not paid within the one-year of registration of the certificate or a tax extension agreement has not been executed by the property owner(s).

Right to Vest – General

Where properties remain unsold after a Tax Sale held by a municipality, the *Municipal Act, 2001*, provides that a municipality has two years within which it may exercise its right to vest (i.e. take title to) the unsold properties. This allows the municipality an opportunity to offer the properties for sale a second time and/or investigate whether it wishes to vest title to any or all the failed tax sale properties. Where a municipality chooses not to vest a property, it does have the right to recommence the tax sale process by registering a new tax arrears certificate. Additionally, the Act provides that prior to sale or vesting, the Treasurer has a right to cancel the proceedings if it is in the municipality's interest to do so.

Tax Sale – April 18, 2023

On April 18, 2023, the Township conducted a Tax Sale under the authority of the *Municipal Act, 2001*. A total of 7 properties were advertised for sale. The outcome of the sale is outlined below:

- 3 properties sold;
- 1 property was cancelled from the tender process because the outstanding taxes and arrears were paid in full prior to the date of Tax Sale; and
- 3 properties did not receive any tenders.

The properties that did not receive any tenders (remain unsold) can now be considered for vesting. At this time, three properties are being considered for vesting, detailed information on each parcel is included in Appendix A.

Property Review

Staff investigated through the Solicitor's office, the three properties noted in this report and have not identified any factors which would indicate that the properties should not be vested in the Township's name.

Alignment with Community Strategic Plan:

Goal 3: Economic Growth

Objective 3.3: Investment Attraction

Risk and Asset Management Considerations:

None.

Options:

1. That Council authorizes the vesting of the three properties identified in Appendix A.
2. That Council does not authorize the vesting of properties.
3. Others.

Financial Impact:

The total approximate cost associated with vesting the 3 subject properties is under \$1500, which includes the expenses and registration cost of each Notice of Vesting. This approximate cost will be covered within the Financial Services operating budget.

Staff has determined that property taxes billed on the three properties are uncollectible and should be written off. The amount of taxes recommended to be written-off total \$108,257. Of this total, the Township's share, which includes penalty, interest, legal fees, and property standards charges, where applicable, is \$102,751. The balance of \$5,506 will be charged back to the Counties and the Province accordingly.

Others Consulted:

Horner & Pietersma
CAO's Office
Planning and Building