



The Corporation of the Municipality of Arran-Elderslie

Staff Report

Council Meeting Date: April 24, 2023

Subject: SRFIN.23.14 Tax Sale Properties Vested with Municipality

Report from: Tracey Neifer, Treasurer

Appendices: Appendix A – File 19-10 Property Map
Appendix B – File 21-03 Property Map

Recommendation

Be It Resolved that Council hereby,

1. Authorize staff to write off property taxes in accordance with *Municipal Act* Section 354, \$6,181.20 for File 19-10 and \$10,233.05 for File 21-03, totalling \$16,414.25.

Report Summary

On November 10, 2022, the Municipality completed a property tax sale on two properties, for which no tenders were received. As a result, the report recommends the write off of the tax arrears and proceeding with the Notice of Vesting.

Background

Section 354 of the *Municipal Act* addresses the write off of taxes, and that taxes shall not be written off except in accordance with this provision. Subsection 2 lists the conditions that provide for the removal of unpaid taxes:

- a) the Council of the local municipality, on the recommendation of the treasurer, write off the taxes as uncollectible;
- b) the taxes are no longer payable as a result of tax relief under section 319, 345, 357, 358, 362, 364, 365, 365.1 or 365.2 or a decision of any court; or

c) the taxes are no longer payable because the tax liability arose as a result of the assessment of the land under subsection 33(1) of the Assessment Act for a period during which a regulation made under subsection 33 (1.1) of that Act provides that subsection 33(1) of that Act does not apply to the land.

Subsection 3 states further that, a local municipality may only write off taxes under clause (2) (a) after an unsuccessful tax sale under Part XI and may at that point write off the taxes whether or not the property vests in the municipality under that part.

The properties referred to in this report is the result of unsuccessful tax sales that were held on November 10th, 2022, and staff recommend proceeding with the vesting of the two (2) properties.

Analysis

The properties in question are:

- File 19-10 - Lot 4 E Queen Street North, Paisley; Registered June 14, 2019
- File 21-03 - Plan 15 Park PT Lot 1, Tara; Registered June 11, 2021

The tax sale was posted in the Newspaper, on the Municipal Website and on the Ontario Tax Sales website for a period of 6 weeks prior to the sale. The minimum tender amounts at the time were:

- File 19-10 - \$6,082.88
- File 21-03 - \$9,333.58

No tenders were received. As a result, there are a few options to consider:

- 1) Write off and charge back** – Council, on the Treasurer's recommendation, can write off the taxes pursuant to Section 354 (2) and (3) of the Municipal Act, 2001 and charge back to the upper tier and school board, its proportionate share of the unpaid taxes that are written off (subsection 353(3)) regardless of whether or not the Municipality decides to vest the property in the Municipality's name.
- 2) Register Notice of Vesting** – the Municipality may register on title a Notice of Vesting within two years of the tax sale date pursuant to subsections 379 (5b) and (7.1). The property will then be owned by the Municipality. If the Municipality decides to chargeback, then vest and subsequently sell the lands within 7 years of the registration of the Notice of Vesting, it does not need to share the proceeds, as the cancellation price was less than \$10,000.

The Notice of Vesting, when registered, vests in the municipality an estate in fee simple in the land free and clear of all estates and interest including any estates or interests claim by the Province of Ontario, except restrictive covenants, any interest of the Crown in right of Canada; and any interest acquired by "squatters rights".

There were no crown interests registered on title as of the last title and execution searches.

3) Readvertise within two years – The Municipality may advertise the property for sale a second time within two years of the tax sale date pursuant to section 380.1.

If the Municipality does not register a Notice of Vesting or re-advertise within 2 years of the tax sale date, the whole process is deemed to be cancelled. The Municipality may then start the tax sale process with the registration of a new Tax Arrears Certificate (subsection 379(15)).

The following property information was included with the Ontario Tax Sales Listing:

Description	File 19-10	File 21-03
Annual Taxes	\$42.52	\$438.43
Assessed Value	\$3,200	\$33,000
Property Size	214 m2	400 m2
Is the property accessible	No	No – unopened road allowance
Zoning	EP	R1
Is it possible to obtain a building permit	No – Regulated under SVCA; no road frontage	Yes – if the road is constructed. Need sufficient area for well and septic
The balance on the account as of the preparation of this report		
Total Tax Arrears	\$6,181.20	\$10,233.05

Link to Strategic/Master Plan

6.4 Leading Financial Management

Financial Impacts/Source of Funding/Link to Procurement Policy

The total taxes to be written off are \$16,414.25, of which there will be a portion that will be recovered from the County and School Board. The costs incurred for property standards/enhancements is considered a betterment to the property and can be capitalized and recovered upon a future sale of these lands. The Municipal Act allows for a chargeback to the School and County for any charges due to non-payment (penalties and interest), along with other charges that have been added to the tax account, in proportion to the taxes originally charged, except for water billings and property standards, which are not shareable.

Once a property is vested/registered to the Municipality, it can be considered for sale.

On the sale of a property, S,353(5) allows for the municipality to deduct from the proceeds the costs of any improvements made to the land and its reasonable administrative costs.

Approved by: Sylvia Kirkwood, Chief Administrative Officer