

Public Sale for Tax Arrears Under the Municipal Act – November 10, 2021

Presented To:	Finance and Administration Committee
Meeting Date:	September 21, 2021
Type:	Correspondence for Information Only
Prepared by:	Kyla Bell Taxation
Recommended by:	General Manager of Corporate Services

Report Summary

This report provides information regarding a public tax sale for properties in tax arrears under the authority of Part XI of the Municipal Act of Ontario. On Wednesday, November 10, 2021 the City of Greater Sudbury will offer approximately thirty five (35) properties for sale in accordance with the rules and procedures governing a public tax sale.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to operational matters.

Financial Implications

There are no financial implications associated with this report.

Executive Summary

Part XI of the Municipal Act, 2001 (the Act) provides the authority for a municipality to collect property tax arrears through tax registration and public sale. On Wednesday, November 10, 2021, the City of Greater Sudbury will conduct a sale of land by public tender (tax sale) in accordance with this legislation. Approximately thirty five (35) properties will be offered for sale. Tenders will be accepted until 3:00 pm on the day of the sale and tenders will be opened at 3:30 pm.

Background

On November 10, 2021, the City of Greater Sudbury will conduct a sale of land by public tender for properties with tax arrears, under the authority of the Municipal Act, 2001. The Finance Division will be coordinating the public sale in accordance with the Rules and Procedures as outlined in Provincial Legislation.

Approximately thirty five (35) properties will be offered for sale on November 10, 2021, and full payment in certified funds by the current property owner will be accepted up until 3:00 pm, after which tenders will be opened at 3:30 pm the same day and a successful tenderer declared.

In the past, the number of properties offered for tax sale was approximately thirty five (35) on average. A majority of these properties have their outstanding taxes paid off prior to the deadline, resulting in only approximately five (5) to ten (10) properties proceeding to the tax sale.

The following outlines the procedures undertaken with respect to the collection of tax arrears:

- Regularly throughout each year, arrears notices are sent to the assessed owners of all properties on which realty taxes remain unpaid.
- Under the authority of the Municipal Act, 2001, for those properties which are two (2) years in arrears, a notice of upcoming legal action is sent to the owner.
- If payment is not received or if satisfactory repayment arrangements are not made, a tax arrears certificate representing a lien against the property is registered on title in accordance with the Municipal Act, 2001. Notices are sent by registered mail to the assessed owner and all parties having an interest in the property. An administration charge representing costs of collection is levied on the property.
- The property owner has one (1) year from the date of registration to pay the taxes and administration fee in full or enter into a tax extension agreement with the municipality.
- A final notice is sent by registered mail to the assessed owner and all interested parties 280 days after the lien is registered.

If taxes still remain unpaid after the redemption period (one year), the Municipal Act, 2001 authorizes the Treasurer of the municipality to offer the property for public sale. For all of the properties proceeding to tax sale, the one-year redemption period has expired.

- Due to the COVID-19 Pandemic, some of these properties were provided an extension of up to 180 days because of emergency orders that were in place by the Province of Ontario.
- A notice is sent to the assessed owner by registered mail advising of pending tax sale action.
- All affected properties are advertised for sale in accordance with procedures outlined in the Municipal Act, 2001 and Ontario Regulation 181/03.

Tax Extension Agreements

The City of Greater Sudbury offers the option for a tax extension agreement as per Section 378 of the Municipal Act, 2001, for properties that have a tax arrears certificate registered on title. As per the Act this option is only available before the expiry of the one-year period following the date of the registration of the tax arrears certificate. The one-year redemption period has expired for all properties that will be available for sale.

Cancellation of Sale of Land by Public Tender

A property can only be cancelled from the sale of land by public tender if:

- the cancellation price is paid in full by certified funds or other acceptable methods as set out in the Municipal Act, 2001, prior to the registration of a Tax Deed; or
- by the treasurer of the municipality if in his or her opinion,
 - it is not in the best interests of the municipality to continue with the proceedings; or
 - because of some neglect, error or omission, it is not practical or desirable to continue proceedings.

Postponement of Sale of Land by Public Tender

The sale of a property may be postponed and conducted at a later date, if after advertising the treasurer is of the opinion that completing the sale would be impractical or would be unfair to the tenderers.

Summary

The process of the sale of land by public tender is a collection tool used by the City of Greater Sudbury to collect unpaid property tax arrears. This process is authorized under the Municipal Act, 2001. All aspects of this collection method are regulated by the Municipal Act, 2001, and the Municipal Tax Sale Rules as set out in Ontario Regulation 181/03.

For reference, attached is the information package and checklist (Appendix 'A') that will be provided to potential tenderers online and by hard copy as part of the tender package for each property advertised for sale. The information package and checklist provide the details about the sale, the process, obligations and provide a checklist to assist potential tenderers with submitting their tender(s).

Also provided is Ontario Regulation 181/03 (Municipal Tax Sale Rules) in Appendix 'B' which has to be adhered to throughout the process for the sale to be valid.

Resources Cited

Municipal Act, 2001
Ontario Regulation 181/03