



**The Corporation of the Municipality
Staff Report**

Office of the Treasurer
Manuela Batovanja

Prepared For: Mayor and Council	Report No.: MB 2022-02
Agenda Date: March 15, 2022	File No.: 9.50

Staff Recommendation

THAT Council receive Report No. MB 2022-02, recommending the vesting of properties.

Report Purpose

The purpose of this report is to summarize the options available for the properties which were not sold in the March 4, 2020 tax sale process and recommend options.

Background

After a failed tax sale there are two options which should be considered; the first being a second tax sale and the second is to vest (take ownership) and subsequently sell the properties.

Second Tax Sale

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 taxes have been written off pursuant to section 354, the property can presumably be offered for sale at a Minimum Tender Amount that might be more attractive to purchasers – unless there are extenuating circumstances such as large crown interests, low assessed value, land use unsuitability or contamination.

If the Municipality does consider this option there are additional notice requirements and fees involved in order to hold a second tax sale. In addition, there are extensive lead time requirements for the preparation and recalculation of the minimum tender amount and legislative notices required to re-advertise the tax Sale. In addition to the notices there is four-week period in which the tax sale must be advertised.

Respectfully Prepared and Submitted By:
Manuela Batovanja, Treasurer
Director of Finance

Register Notice of Vesting

The Municipality may register a Notice of Vesting within two years of the tax sale date pursuant to section 379(5b) (7.1) and the property will then be tax exempt as is any other property owned by the municipality. This deadline would normally have been March 4, 2022, however, due to COVID 19 it has been extended to August 30, 2022.

If the Municipality decides to vest and subsequently sell the lands within seven years of the registration of the Notice of Vesting, it must pay a proportionate share of the proceeds to the school board, etc. if the cancellation price was greater than \$10,000.00 (ss. 353(4)).

If the Municipality sells seven or more years after the registration of a Notice of Vesting, or if the cancellation (selling) price was under \$10,000.00, it does not have to share (ss.353 (6)).

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 school board and any other levying body that you collect for, its proportionate share of the unpaid taxes that are written off (subsection 353(3)) – regardless of whether they decide to Vest the property in the Municipality's name or not.

If the Municipality decides to vest any of these properties, Realtax Inc. will update the search for crown interests prior to registration.

If the Municipality has not registered a Notice of Vesting or re-advertised as above within 2 years of the tax sale date, the whole process is deemed to be cancelled. If the municipality wants to continue with the tax sale process as a collection tool, the process would need to be started all over again with the registration of a new Tax Arrears Certificate (subsection. 379(15)).

The Municipality of Wawa currently has two properties which are eligible for vesting:

Real Tax File Number	Assessment	Property Tax Receivable as of March 8/22	First Failed Tax Sale
18-11	9,700	7,611.33	March 4, 2020
18-23	12,400	9,977.26	March 4, 2020

Conclusion

It is recommended that the properties be vested to the Municipality for the following reasons:

- 1- These properties are both vacant land with no buildings or known liabilities
- 2- In today's market there is a high likelihood of sale
- 3- No additional tax sale fees if vesting is the chosen option
- 4- Potential for property tax revenue