

## Committee of the Whole (2) Report

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**DATE:** Tuesday, December 5, 2023

**WARD(S):** ALL

**TITLE:** EXTENSION AGREEMENT – TAX SALE PROCESS

**FROM:**

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

**ACTION:** DECISION

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**Purpose**

The purpose of this report is to have Council's authorization to enter into an extension agreement that will extend the period of time in which the tax arrears may be paid, on a property that is subject to sale as a result of tax arrears in excess of three years.

**Report Highlights**

- The property tax sale registration process provides an effective tool in the collection of outstanding property taxes since any unpaid taxes become the responsibility of the City.
- Under s.378 of the *Municipal Act*, the City may, after registration of a tax arrears certificate, authorize an extension agreement to be entered into by the municipality with any owner or interested party of the land in order to extend the period of time within which the Cancellation Price, as defined in the *Municipal Act*, is to be paid.
- Should the property owner or interested party default on the agreement, the City can proceed with the original tax registration process that had been halted through this process.

## **Recommendations**

1. That staff be authorized to enter into an extension agreement, satisfactory to the City Treasurer, with the owners of the property shown on Attachment1, and
2. That the Mayor and Clerk be authorized to sign the extension agreement, and
3. That a by-law be passed authorizing the extension agreement.

## **Background**

The tax sale process begins on properties that have tax arrears in excess of a minimum of three years, under Part XI of the *Municipal Act, 2001*, as amended. Following the registration of the Tax Arrears Certificate, the property owner has one (1) year to pay all outstanding amounts (“cancellation price”) or to enter into an agreement to pay the outstanding amount over a longer period of time.

The property, as described in Attachment1, was registered for tax sale on December 2<sup>nd</sup>, 2022. Through numerous conversations with the owner, it has been determined that the owner is unable to pay the cancellation price in full by the deadline, December 2<sup>nd</sup>, 2023. Under s.378 of the *Municipal Act*, the City may, after registration of a tax arrears certificate, authorize an extension agreement to be entered into by the municipality with any owner of the land, the spouse of any owner, any mortgagee, any tenant in occupation of the land and/or any person the treasurer is satisfied has an interest in the land in order to extend the period of time within which the Cancellation Price, as defined in the *Municipal Act*, is to be paid.

The extension agreement will outline payment amounts and dates. It confirms that in the event the owner defaults in respect of any payments required by the agreement, the agreement will be terminated, upon notice being given by the Corporation, and the property will be placed in the same position it was in before the agreement was entered into.

Notwithstanding any provision of the agreement, any person may pay the cancellation price at any time. Should payment be received by the City, the agreement will be terminated, and the Treasurer shall immediately register a tax arrears cancellation certificate.

## **Previous Reports/Authority**

n/a

## **Analysis and Options**

If payment in full or a satisfactory extension agreement is not processed during the one

(1) year period of the tax registration process, the City is in a position to proceed with a tax sale to recover outstanding property taxes, late payment charges and costs incurred relating to the tax sale process. The extension agreement allows the property owner or interested party to pay over an extended period of time.

Should the property owner or interested party default on the agreement, the City can proceed with the original tax registration process that had been halted through this process. Further, the applicable current tax levy and all applicable penalties and interest have to be paid in conjunction with the Cancellation Price under this agreement.

### **Financial Impact**

The property tax sale registration process provides an effective tool in the collection of outstanding property taxes since any unpaid taxes become the responsibility of the City. The City must still meet the financial levy obligations to the Region of York and the Province of Ontario for education purposes.

### **Operational Impact**

Staff from all affected departments (Corporate Services, Financial Services) have reviewed and provided input for this report.

### **Broader Regional Impacts/Considerations**

The City will continue to meet its financial levy obligations to the Region of York and the Province of Ontario for education purposes.

### **Conclusion**

An extension agreement is a legal arrangement and if not adhered to, will allow the City to proceed with the actual sale of the property and Council would be advised accordingly if that becomes necessary.

**For more information**, please contact: Maureen Zabiuk, Senior Manager, Property Tax, Assessment & Utility Billing, Financial Services

### **Attachments**

1. Description of the Land

### **Prepared by**

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**Approved by**



Michael Coroneos, Deputy City  
Manager, Corporate Services, City  
Treasurer and Chief Financial Officer

**Reviewed by**



Nick Spensieri, City Manager