

 <p><b>DRYDEN</b></p> <p><b>The Corporation of The City of Dryden</b></p>	<h1>STAFF REPORT</h1>	<p>For Administration Use Only:</p> <p>Meeting Date: COW April 12, 2021</p> <p>Open [ X ]      Closed [ ]</p> <p>Approved for Agenda: [ CAO ]</p> <p>Report No. FIN-2021-12</p>
<p>Date Submitted:</p>	<p>April 12, 2021</p>	
<p>Title:</p>	<p>Extension Agreements</p>	
<p>Prepared by:</p>	<p>Chelsea Pateman, Deputy Treasurer</p>	
<p>Department:</p>	<p>Finance</p>	

## Recommendation:

**THAT Council approve By-law 2021-30, being a by-law to delegate the authority to the Municipal Treasurer/Designate to execute tax arrears extension agreements pursuant to Section 378 of the *Municipal Act, 2001*.**

## Background:

If municipal property taxes are unpaid for a period of time, the *Municipal Tax Sales Act* provides for the sale of the property through a tax sale. Before the tax sale occurs, notice is given to the property owner and a Tax Arrears Certificate is registered on the property. Once the tax arrears certificate is registered on the property, the property owner has one year to make full payment.

However, pursuant to *Section 347(3) of the Municipal Act, 2001 as amended*, the Municipality can accept partial payments once a Tax Arrears Certificate is registered on title by entering into an Extension Agreement with the property owner, drafted in accordance with section 378.

Extension Agreements are not mandatory or a requirement, it is an option set out in the *Municipal Act*. Entering into Extension Agreements is up to each municipality individually.

Once an extension agreement is entered into, the timeframe for the legislative deadlines in tax sale registration is frozen and remains frozen until such time that the arrears are either paid in full, or a default of the Agreement has occurred. Once a default has occurred, notice is sent to the person who defaulted, and the tax registration timeframe resumes.

### **Discussion:**

Each year, staff review property tax accounts that are in arrears, and begin the tax sale process for those properties that are eligible. Prior to this process occurring, property owners have been sent notice of their arrears, and provided the opportunity to discuss a payment plan with the Treasurer. Once the tax sale process begins, notices are sent out, a tax arrears certificate is registered, and the cancellation price must be paid within one year. A partial payment cannot be accepted on the property once a certificate is registered, except by way of an extension agreement.

At times, once the tax sale process begins, and certificates are registered, property owners (or interested parties), come forward with significant payments towards the tax arrears. However, if this amount does not cover the full arrears on the property, the payment cannot be accepted.

Entering into an Extension Agreement in these cases (at the discretion of the Treasurer/Designate), would allow the City to accept the payment towards the arrears balance, and allow the property owner more time to pay the remaining balance, under specific terms and conditions. The risk is low to the municipality in these cases, as in the event of a default on the Agreement, the tax sale process and legislative timelines resume, possibly with a lower cancellation price, which then becomes the minimum tender amount should the property go to tax sale.

Under certain circumstances, entering into Extension Agreements would be in the best interest of both the municipality and the property owner. Currently each individual Extension Agreement must be approved at Council, however this authority can be delegated to the Municipal Treasurer or Designate.

### **Recommendation**

- Authorize a By-Law 2021-30, being a by-law to delegate authority to the Municipal Treasurer/Designate to authorize the execution of tax arrears extension agreements pursuant to Section 378 of the *Municipal Act, 2001* (draft by-law attached).

### **Financial Implications:**

- None