**Background**

The City has the right to commence a tax sale process in the event that property taxes remain unpaid for a period of two years. Once a tax arrears certificate is registered on title, the process can be terminated by the owner, or other specified persons paying the amount then owing to the City. This amount is known as the cancellation price. Once a year has passed from the date of registration of the tax arrears certificate (the “redemption period”), the City can move to the next steps in the process.

To assist a property owner whose property is subject to a tax arrears certificate, the Municipal Act 2001 provides for the right of the owner, the owner’s spouse, mortgagee, tenant in occupation or other person the treasurer is satisfied has an interest in the land, to request a tax extension agreement. A tax extension agreement provides for the payment of the cancellation price by installment payments. The tax extension agreement allows the City to recover the cancellation price while protecting the owner from the loss of his or her property. Provided the tax extension agreement is in good standing, the City cannot continue with the tax sale process. However, if default occurs, the City can continue with the tax sale process. It should be noted that a tax extension agreement can only be entered into prior to the expiry of the redemption period.

Prior to 2018, the Municipal Act 2001 provided that a request for a tax extension agreement had to be approved by Council, by way of by-law. As a result, staff would annually bring a report to council seeking authority for the treasurer to sign tax extension agreements in appropriate instances. The report would pertain to all of the properties on which a tax arrears certificate had been registered in that year. The bylaw would delegate signing authority to the treasurer, who would then respond to requests for tax extension agreements, set the terms of the agreement in compliance with the requirements of the Municipal Act, sign the agreements on behalf of the City and administer the tax arrears extension agreements.

In 2018, the Municipal Act 2001 was amended to remove the requirement for a bylaw to authorize the tax extension agreement. As a result, the owner and other qualified persons identified above are entitled to enter a tax extension agreement without specific Council authorization. To implement this legislative change, signing authority needs to be delegated to authorize the signing of these agreements.

It is recommended that the signing authority be delegated to the Treasurer or the Manager of Taxation, who has been appointed a deputy treasurer for tax sale purposes to establish the form of, sign and administer the tax extension agreements, all in compliance with section 378 of the Municipal Act, 2001. This is a continuation of the past practice of the City.