



COUNCIL REPORT

To: Paul Gipps, CAO

Date: July 14, 2020

From: Lisa Siavashi, Financial Services Manager

File No: Bylaw No. 0282

Subject: **Bylaw No. 0282, 2020 Deferral of 2020 Tax Sale**

RECOMMENDATION

THAT Council give first, second, third reading to the “City of West Kelowna 2020 Tax Sales Deferral Bylaw No. 0282”; and, as permitted under the Province of BC Order of the Minister of Public Safety and Solicitor General (Ministerial Order No. M192); and

THAT Council adopt the “City of West Kelowna 2020 Tax Sales Deferral Bylaw No. 0282”.

BACKGROUND

The *Community Charter* and *Local Government Act* require an Annual Property Tax Sale to be held on the last Monday of September involving any properties that have three years of unpaid property taxes. The process starts with staff notifying these property owners (including any lien holders on the property) in August that, due to having three years’ worth of unpaid property taxes, their property is subject to tax sale. The property owners are then given until the morning before the tax sale to pay the delinquent taxes owing in order to not have their property sold. After the tax sale has occurred, and payments received for the auctioned properties, the municipality must file notice of the tax sale with land titles, and under section 657 of the *Local Government Act*, must give written notice of the sale and the redemption process to the property owner and any lien holders, within three months. If this is not done within the time limit, the tax sale can be considered null and void, and may create legal consequences for the municipality.

Due to COVID-19, the Province of BC issued Ministerial Order No M159 which provided municipalities with some abilities to assist tax payers who may be facing financial difficulties as a result of the pandemic. One of the options for municipalities, by way of a bylaw, to defer the 2020 tax sale until September 27, 2021. The order does stipulate that (section 15 (2a)) written notice must be sent within two weeks of the bylaw’s adoption, advising the property owner that the tax sale has been deferred to September 27, 2021 and that applicable interest (currently 5.95% set by the province) would continue to accrue until the balance is paid. This notice will also be forwarded to any lien holders (i.e. mortgage holders). Staff anticipates that, as per normal follow-up, any lien holder would work with the property owner to provide payment for the outstanding property taxes. The intention then is to use the additional year to make contact and work with any others to create a payment plan for them to get caught up on their accounts before the 2021 tax sale date.

The Ministerial Order also gives Council the ability to extend the tax sale redemption period that ends on September 2020 to September 27, 2021, however the City only had one property and that was redeemed on June 15th, 2020.

FINANCIAL IMPLICATIONS

As of June 28th, 2020 the delinquent property tax balance was \$343,933.16 (including interest of \$10,040.08), with an additional amount of \$1,011,254.08 (including interest of \$15,796.58) in arrears and 2020 property taxes owing on these folios. As the City has the ability to sell these properties during tax sale, there is little risk of loss to the City. In addition, the City earns interest at the rate prescribed by the Province until the balances are paid.

CONCLUSION

Staff recommend deferring the 2020 property tax sale until September 27, 2021. This measure will allow the City to assist those who may be experiencing further financial hardships during the COVID-19 pandemic. It also allows the staff to work with the property owners, without time pressures under Section 657 of the *Local Government Act* on top of the extended tax collection season created by the delayed tax penalty dates that have been put in place for 2020.

Alternate Motion:

THAT Council direct staff to proceed with the City of West Kelowna annual tax sale on September 28, 2020.

REVIEWED BY

Warren Everton, Director of Finance/CFO

Shelley Schnitzler, Legislative Services Manager

APPROVED FOR THE AGENDA BY

Paul Gipps , CAO

Powerpoint: Yes No

Attachments: 1. Ministerial Order No. M159 Division 4 – Annual Tax Sales
2. Bylaw No. 0282