Agenda – Executive Policy Committee – December 2, 2009

REPORTS

Item No. 3 Tax Sale Redemption Agreement – 44 McPhillips Street (Point Douglas Ward) eFile FL-2.4

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the request from 4509821 Manitoba Ltd. (the owner of 44 McPhillips) for a Tax sale Redemption Agreement be approved.

2. That, subject to the approval of Recommendation No. 1, City Council, by by-law, authorizes the Winnipeg Public Service to enter into a Tax Sale Redemption Agreement with 4509821 Manitoba Ltd. to allow for the redemption of 44 McPhillips from tax sale by way of monthly instalment payments.

3. That the Proper Officers do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

ISSUE: **TAX SALE REDEMPTION AGREEMENT – 44 McPhillips**

Critical Path: **EXECUTIVE POLICY COMMITTEE - COUNCIL**

AUTHORIZATION

Author	Department Head	CFO	CAO
Mel Chambers	Nelson Karpa	Michael Ruta	Michael Ruta Deputy CAO

RECOMMENDATIONS

1. That the request from 4509821 Manitoba Ltd. (the owner of 44 McPhillips) for a Tax sale Redemption Agreement be approved.

2. That, subject to the approval of Recommendation No. 1, City Council, by by-law, authorizes the Winnipeg Public Service to enter into a Tax Sale Redemption Agreement with 4509821 Manitoba Ltd. to allow for the redemption of 44 McPhillips from tax sale by way of monthly instalment payments.

3. That the Proper Officers do all things necessary to implement the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

The authority for entering into Tax Sale Redemption Agreements is found within *The City of Winnipeg Charter*.

A Tax Sale Redemption Agreement enables the property owner to redeem property from tax sale by way of monthly instalment payments.

Tax Sale Redemption Agreements are revenue neutral to the City of Winnipeg.

HISTORY

The City of Winnipeg conducted Tax Sale 112 on December 3, 2007 for properties with outstanding taxes for all, or part, of 2005, 2006 and 2007. Included in Tax Sale 112 was the commercial property located at 44 McPhillips Street (Tax Sale 112/120), owned by 4509821 Manitoba Ltd. At the time of the sale, the amount of outstanding taxes was $144,819.37.

In a letter dated March 13, 2009, 4509821 Manitoba Ltd. Made a formal request for an instalment payment agreement to redeem the subject property from tax sale.

DISCUSSION:

City Council has authority to enter into a Tax Sale Redemption payment agreement pursuant to subsection 393(1) of *The City of Winnipeg Charter* which states:

> ***Authority for instalments***
>
> *393(1) Council may by by-law authorize the city to enter into an agreement with a person (in this section referred to as "the contracting party") who is the registered owner of, or who has an interest or estate in, or a charge on, real property that has been sold for taxes for the redemption of the property from the tax sale through the payment of instalments.*

The Winnipeg Public Service encourages taxpayers whose land has been sold for tax arrears, to redeem their property by making payment of the full amount of outstanding taxes plus associated penalties and costs. They are advised of the entire tax sale process, the amount of time between the tax sale date and the City's ability to commence action to take title to the land, and details specific to the tax sale redemption process. Should an instalment redemption agreement be requested, the owner is advised of the necessary terms and conditions of the agreement, the consequences of not complying with the agreement and the associated legal costs.

In most cases, the Winnipeg Public Service recommends against the use of these types of agreements as they are a costly option for the property owner and have, in the past, proven difficult to administer. They are also risky for the property owner as failure to comply with the payment requirement can result in the termination of the agreement and the loss of all amounts paid by the property owner. As such, most tax sale redemptions are made by owners making full payment of outstanding amounts and not through tax sale agreements. The City of Winnipeg currently is not party to any active redemption agreements.

If City Council were to approve the agreement request, the gross agreement amount would be $253,739.75. This represents the original amount sold in tax sale, penalties, interest, costs as well as 2009 and 2010 property taxes. The term of the proposed agreement would be for twelve (12) months and would include a $75,000 down-payment and monthly payments of $19,199.78.

On April 15, 2009, 4509821 Manitoba Ltd provided the Winnipeg Public Service with the $75,000 down-payment and 12 post-dated cheques each for $19,199.78 commencing on July 31, 2009 and ending on June 30, 2010.

The property owner has, in good faith, fulfilled the terms and conditions set out in the proposed Tax Sale Redemption Agreement. It is therefore recommended that the requested tax sale instalment payment plan be approved by City Council.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 2, 2009

Project Name:

TAX SALE REDEMPTION AGREEMENT - 44 MCPHILLIPS

First Year of Program

	0	1	2	3	4
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Tax Sale Redemption Agreements are revenue neutral to the City of Winnipeg.

original signed by

Brad Cull
Manager, Taxation and Finance

CONSULTATION

In preparing this Report there was consultation with:

Legal Services – Corporate Support Services (as to legal issues)

SUBMITTED BY

Department: Assessment and Taxation
Division: Support Services and Strategic Planning
Prepared by: Mel Chambers
Date: November 13, 2009
File No.